

GRAÑA y MONTERO

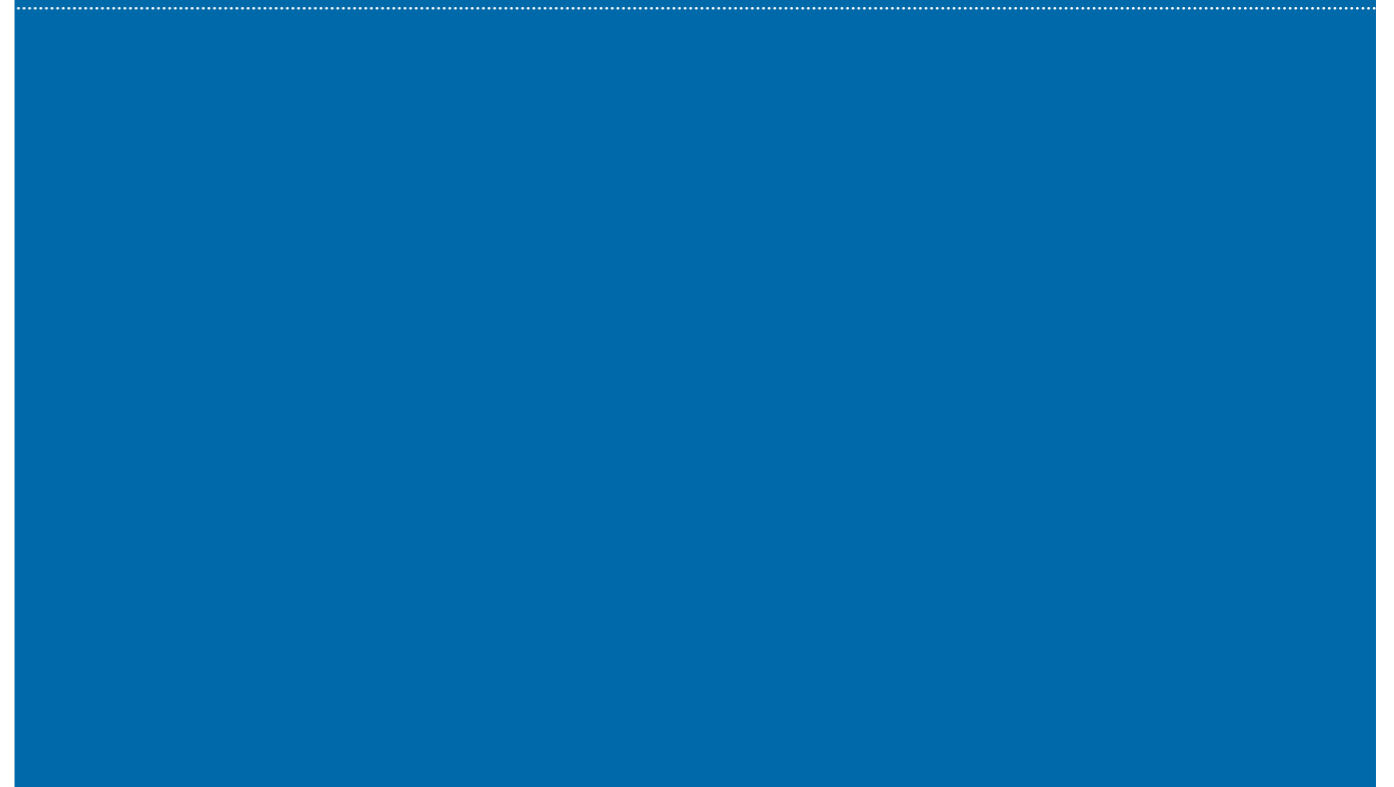
Annual Report 2009



Peruanos Haciendo Perú



Peruanos Haciendo Perú



Liability Statement

"This document contains true and sufficient information on the operations of Graña y Montero S.A.A. during the year 2009. Notwithstanding the liability of the issuer, the undersigned assume responsibility for its content in accordance with the Civil Code".

Mario Alvarado Pflucker
Corporate General Manager

Gonzalo Rosado Solís
Corporate General Accountant



Peruanos Haciendo Perú

Durante más de 75 años, en Graña y Montero hemos realizado todo tipo de proyectos de ingeniería que hacen del Perú un país más moderno, un país del cual sentirse orgulloso, un mejor país.

Hacer Perú, es para nosotros el reto de colaborar a su desarrollo, con los más altos estándares que garantizan la satisfacción y constancia de nuestros clientes gracias al compromiso y la ayuda de cada miembro de nuestra organización, manteniendo siempre nuestros más sólidos valores de calidad, cumplimiento, seriedad y eficiencia.

En esta memoria, como cada año, dejamos constancia de ello haciendo una vez más un homenaje a los miles de profesionales de Graña y Montero que han sido ayer y son hoy, **Peruanos Haciendo Perú.**

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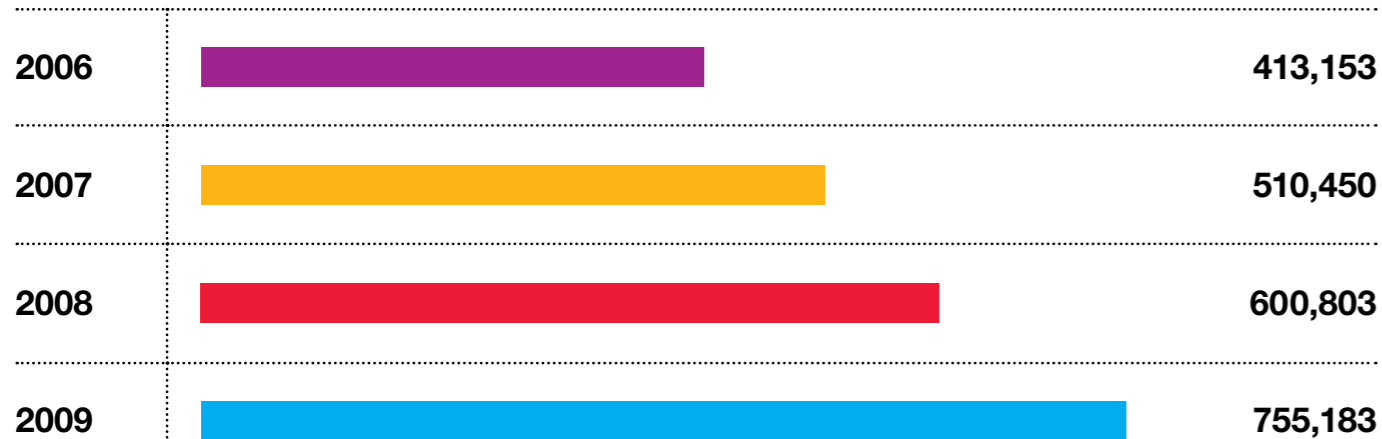
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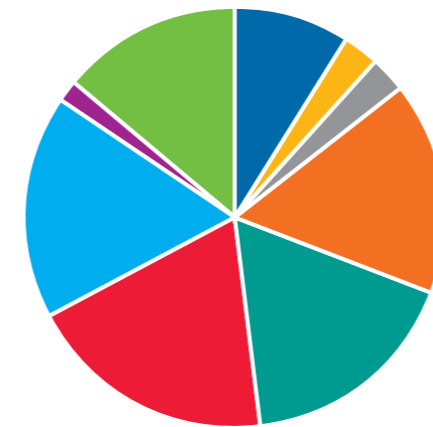
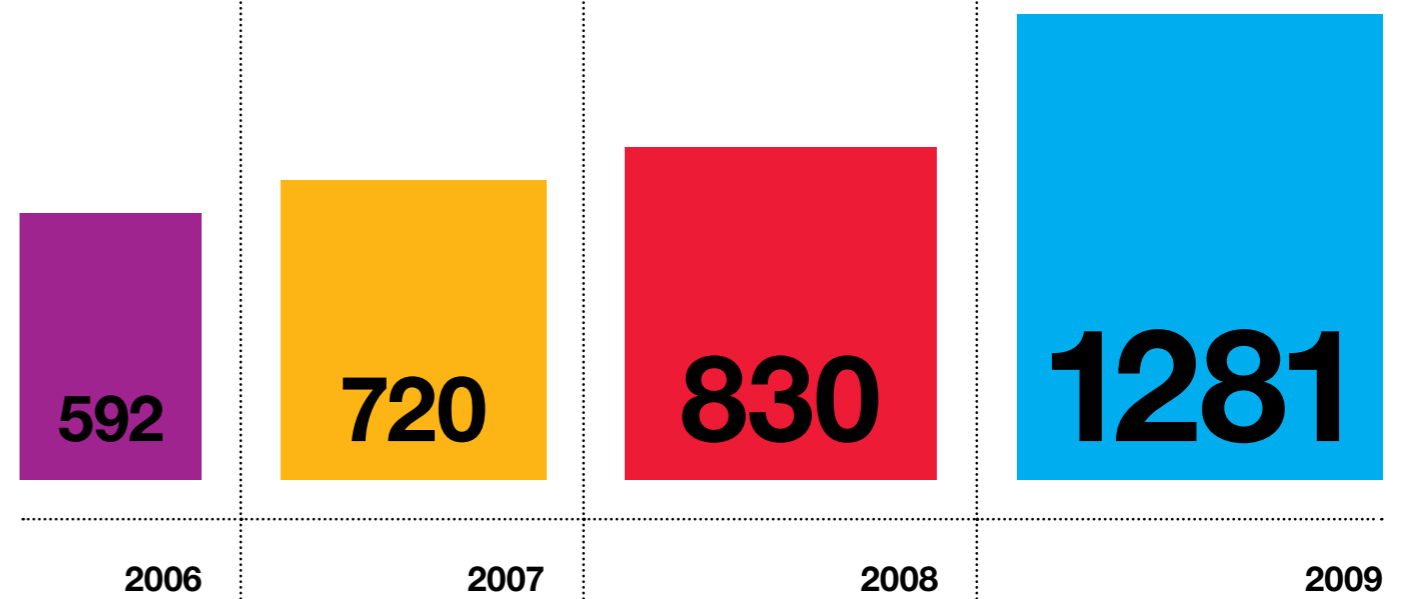
Figures to December 2009 / In thousands

	2006		2007		2008		2009		Growth 2009 / 2008	
	S/.	US\$	S/.	US\$	S/.	US\$	S/.	US\$	S/.	US\$
Activity	1,320,849	413,153	1,529,818	510,450	1,887,723	600,803	2,183,233	755,183	15.65%	25.70%
Invoicing	1,188,813	371,853	1,439,974	480,472	1,827,710	581,703	2,001,475	692,312	9.51%	19.01%
Gross Income	272,755	85,316	299,027	99,775	399,490	127,145	329,551	113,992	-17.51%	-10.35%
Income before Taxes	174,373	54,543	207,199	69,136	232,985	74,152	227,549	78,709	-2.33%	6.15%
Net Income	104,918	32,818	129,900	43,343	147,189	46,846	134,399	46,489	-8.69%	-0.76%
OIBDA	275,451	86,159	286,607	95,631	372,696	118,617	339,397	117,398	-8.93%	-1.03%
Professionals		1,380		1,705		1,947		2,143		

Activity / In Thousands of US\$

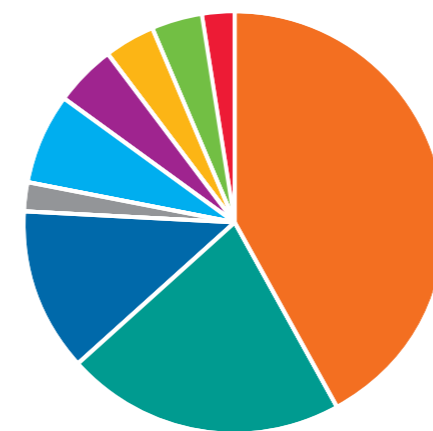


Backlog / In Million US\$)



Backlog / Per Sector

Sector	Percentage
Mining	16,4%
Oil and Gas	17,3%
Power	19,2%
Road Concessions	17,2%
Water and Sanitation	1,5%
Real Estate and Construction	13,8%
Transportation	9,1%
Information Technology	2,8%
Others	2,6%



OIBIDA per Company 2009 / In Thousands of US\$

Company	OIBIDA (Thousands of US\$)	Percentage
GyM	49,480	42,15%
GMP	24,891	21,20%
Concessions	14,662	12,49%
GMH	2,819	2,40%
Concar	8,203	6,99%
Larcomar	5,367	4,57%
GMD	4,749	4,05%
GMV	4,385	3,73%
GMI	2,842	2,42%
Sum	117,398	100%



JOSÉ GRAÑA MIRÓ QUESADA AND MARIO ALVARADO PFLUCKER

Letter to the Shareholders

Dear Shareholders:

It is our pleasure to present the Annual Report 2009, which represents the 76th Annual Report since the foundation of our company.

We must stress that 2009 will be remembered as the year of the international financial crisis of which both Peru and Graña y Montero have come out practically untouched and strengthened.

During this year of hardship, Peru has been one of the few countries in the world with a sustained growth rate and our Group has reached an activity that amounted to 755 million dollars, which means growth of around 25.7%. The financial year has totaled 46.5 million dollars, very similar to that obtained in 2008, mainly due to the extraordinary oil prices that impacted positively on the earnings of our subsidiary GMP.

These results have allowed us to reduce significantly the Group's debt, ending the year without net cash financial debt.

The most outstanding fact for the Group in 2009 was the celebration marking 25 years of operation of our subsidiaries GMI, GMD y GMP.

Remaining in business long enough to celebrate the 25th anniversary milestone is an achievement for any company. But having three companies of the same group reaching that milestone simultaneously while being leaders on their field is a very significant reason to celebrate.

This is basically due to the fact that in 1983, following the celebration marking 50 years of operation of GyM, we determined that sustained growth could not be achieved based on one business only, especially when that business is as cyclical as construction, thus decided to diversify to other engineering activities. Hence, the Graña y Montero Group was created, developing during these years the technical and financial expertise that allow us to successfully undertake the major engineering and infrastructure projects.

José Graña Miró Quesada
Presidente

During the past year, we have launched the turnkey contracts of the Machu Picchu Hydroelectric and the Phosphates Plant of Bayóvar; and contract awards have been obtained for the Huanza Hydroelectric and for the Pueblo Viejo Mining Project, in the Dominican Republic. We shall shortly deliver the Works on the concession sections of the Interoceanic Highway; we have also recently signed the contract to execute the works for the Lima commuter rail (Electric Locomotive). Likewise, in these past months we have been awarded the contracts for Ebel's SAP International Outsourcing, the Engineering of the Sun Highway and the maintenance service for the roads in the Lambayeque Region.

These and many other contracts have increased our contract portfolio in over 54% during the year, taking the backlog figure up to a record 1,281 million dollars. Such portfolio is very well diversified enabling us to safely plan a sound growth for the upcoming years.

We realize that the implementation capacity of these large and sophisticated projects is based on the team we have formed throughout the years and especially on 1,573 engineers who are prepared not only to build but also to design, finance, operate and maintain these major infrastructure projects. Our growth strategy relies on the professional and personal development of our people as a backbone, which is reflected in the 189,000 training hours delivered during the year.

We must stress that during 2009 we were awarded the Key to the Lima Stock Exchange, which is an award granted by said entity to the company with the highest score in Good Corporate Governance practices.

In closing, we would like to thank our customers and employees who have enabled us to obtain such achievements.

Mario Alvarado Pflucker
Gerente General

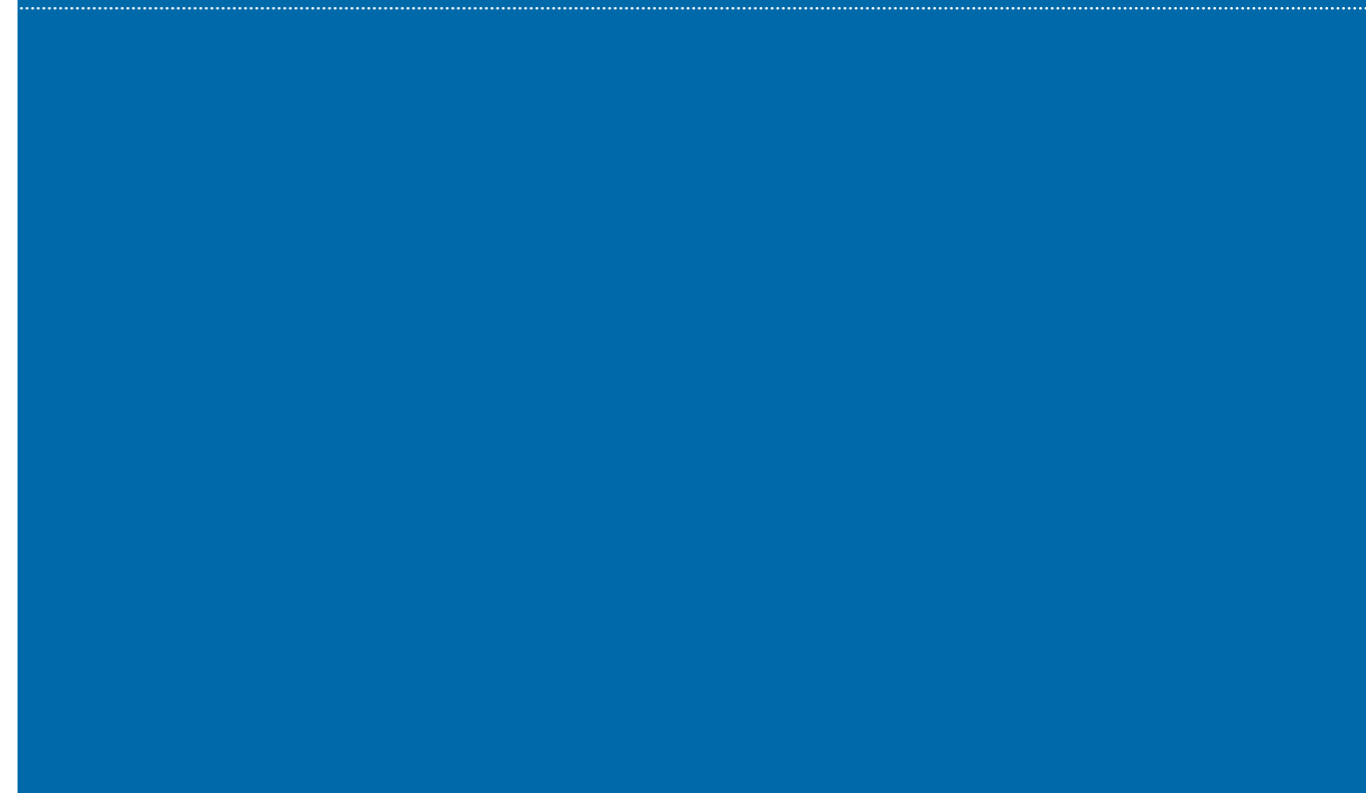


ELVIA EVELYN MORA TELLO, COBRADORA DE PEAJE ANCÓN - HUACHO - PATIVILCA

Peruanos Haciendo Perú



Peruanos con proyección estratégica



Diversification

We have celebrated this year, the 25th anniversary of the foundation of three of our Group's companies: GMD, GMI and GMP. In 1983, following the celebration marking 50 years of operation of the Group, we decided to launch a diversification strategy to achieve more stability by expanding to other Engineering and Infrastructure businesses.

Today, what used to be a construction company, has become a Group of 19 companies grouped in 7 operational businesses, thereby achieving the objective of having the new companies generate over half of the Group's operating profits.

GMD / Servicios de Tecnología de la Información



The Information Technology Services company that has a Technological Operations Center (COT) for outsourcing technology services.

GMI / Ingeniería de Consulta



The Engineering Consulting company that has a subsidiary specializing in Environmental Engineering called ECOTEC.

GMP / Servicios Petroleros



The Petroleum Services company that drills oil wells for third parties, operates two petroleum fields in northern Peru, operates a Natural Gas Fractionation Plant in Talara and has formed Consorcio Terminales, a consortium with Oiltanking of Germany for the operation of fuel terminals in Peru.

GMV / Servicios Inmobiliarios



Real - estate development company specialized in Social Housing, started its operations on January 1st 2009.

GyM / Servicios de Construcción



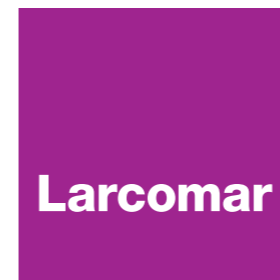
The original construction company, which has three divisions: Electromechanics, Civil Works and Buildings.

Concar / Servicios de Mantenimiento y Operación de carreteras



The company specializing in the operation and maintenance of highways under concession.

Larcomar / Fashion Center



The company that operates Larcomar Entertainment Center and Fashion Mall in the district of Miraflores.

Concessions

In recent years we have been successful in attaining our objective of ensuring the stability of the Group based on long-term contracts and developing our capabilities to design, build, finance and operate Infrastructure Concessions.

Currently we own shares of the concession companies listed below:



Norvial

Concessionaire for Road Network No. 5, the Northern Lima highway from Ancón to Pativilca, consolidated within the Group on 2009.



Survial

The company that won the concession contract for the 750 km first section of the Interoceanic Highway between Cuzco and Nazca. The rehabilitation and completion works on this highway will be finalized during the upcoming months.



Canchaque

The concessionaire for the Buenos Aires-Canchaque Highway, construction of which was completed by the end of 2009.



Concesionaria IIRSA Norte S.A.

A company that has the concession contract for the 980 Km Paita -Yurimaguas Highway.



Conirsa

A company that is currently building the 2nd and 3rd sections of the Interoceanic Highway to Brazil.



Consorcio Terminales

Joint Venture with Oiltanking of Germany to operate fuel storage terminals in Peru, the Camisea Loading Dock in Pisco, and NaSH Storage and Dispatch facilities at the Matarani Port.



Fashion Center S.A

Concessionaire of the Larcomar Entertainment Center and Fashion Center in Miraflores.



TGP

(Transportadora de Gas del Perú), the company that was awarded the contract for the construction of a transportation and distribution system for gas from Camisea.



Peruanos Haciendo Perú



Peruanos en firme crecimiento



GMD / Servicios de Tecnología

During 2009, and despite the world financial crisis, GMD increased its market share on the Software Factory and Process Outsourcing businesses, further consolidating its leadership in the Outsourcing business.

The company's total activity for the year amounted to US\$ 37.5 million, which accounts for a 2.46% growth as compared to 2008 and generated an EBITDA of 13.3%. Investments of US\$ 1.7 million were made to support the growth of the Software Factory and Processes Outsourcing businesses.

Processes Outsourcing and Software Factory reached US\$ 15.8 million of operating income, representing a 2.5% growth vis-à-vis the year 2008 and 42% of the company's total operation. This growth ratifies our vision and further consolidates our leadership on those market segments.

On what concerns People Management, we have been focused for the last 4 years on improving the workplace environment, identifying competencies per role, evaluating performance and

acknowledging compliance with our values; this has entailed an increase of 24% in our workplace climate from 2008, and helped define the profile of a GMD individual, as well as simplify the organizational structure.

GMD ratified its commitment with Quality Management in 2009 by renewing the ISO 9001 certification for all its processes; likewise, the Technological Operations Center (Data Center) was successfully certified under ISO 27001 - Information Security Standard, ensuring the reliability, availability and quality of its technical operations.



Main Projects 2009

Industry and Commerce

Repsol Group

BPO on the Terminal service nationwide and Services for the Dispatch Operations Plant (La Pampilla Refinery).

San Fernando Group

Contract renewal and extension until 2014, IT Outsourcing and Oracle E Business Suite Systems support.



EBELCORP

SAP Contract renewal and expansion for Outsourcing / Hosting and Basis support for 4 years in all countries, 14 countries.

Sab Miller/Backus

Outsourcing of communication equipment, switching

and Routing nationwide, Outsourcing of Contact Center and Software Factory SAP regionally.

Telecommunications

Telefónica del Perú

Software Factory: Testing of all applications for the Fixed Telephony operator; Process modeling and optimization of the customer's business segments.

Accenture

Software Factory of the billing and collection segments for Telefónica del Peru (fixed and mobile operators) and Colombia.



Everis

Software Factory for Customer Services and Integration

segments for Telefónica del Peru (fixed and mobile operators) and Brazil.

Banking and Finance

BBVA Continental

Help Desk Outsourcing nationwide under service level agreements (ANS), over 400 offices and 5,000 users.

Pacifico Peruano Suiza Cía. de Seguros (Insurance Company)

Help Desk Outsourcing nationwide under service levels agreement (ANS), over 16 offices and 1,200 users.

Governmental

ONP

(Oficina Normalización Previsional - National Pension Fund Administrator)

Factory Software under service level agreements (ANS), BPO of administration and archive custody, as well as Outsourcing of Computer Center Administration and Production.



Osinergmin

BPO for Assessments, Field Supervision and Supervision of Regulatory Compliance of rulings on Energy Complaints.

GMI / Ingeniería de Consulta

GMI found itself in a difficult position in 2009 as the cash flow income dropped as a consequence of the international slow-down and the cessation of mining projects; this situation led to losing some of our engineers; despite that fact, we have been able to keep cohesion and a highly competitive team; the second half of the year saw a comeback of the normal growth pace.

We achieved a sales level of approximately \$25.5MM and year-end profit reached \$1.25MM.

We are celebrating our 25th anniversary this year, filling us with pride since GMI has positioned itself as a leader in engineering in Peru, having earned different awards during the year such as Creatividad Empresarial (Entrepreneurial Creativity) sponsored by UPC and El Comercio to our Knowledge Management System, as well as being ranked as one of the 30 preferred companies to work at in Peru by the Great Place to Work institute. Likewise, we achieved certification for our Comprehensive Management System this year, involving the ISO 9001 Quality Management System and the ISO 14001 Environmental Management System.

We are aware that the success of our management lies on our employees thus we continued implementing our Human Management strategy this year, having provided 12000 training hours while maintaining our Knowledge Management and Performance Management processes.

On what concerns our international operations, we continued supervision of the Hotel Moon Palace for the Palace Resort Mexican chain in Dominican Republic.

2010 could be the year for an upturn in commodity prices, with the subsequent reactivation of Mining, Petroleum and Gas projects, which are our major customers.

Main Projects 2009

Mining

Anglo American Quellaveco

- a. Advisory on Price Agreements for the construction of the Moquegua Roads and Toll Road
- b. Construction management for the works of the Project's pre-feasibility study
- c. Feasibility study, geotechnical prospecting
- d. Feasibility study for the Moquegua Papujune Toll Roads.

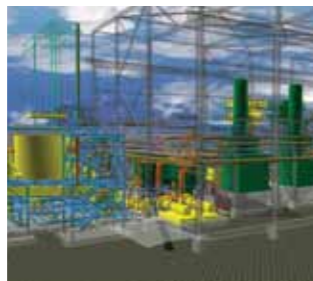


Compañía Minera Antamina S.A.

- a. Sag Mill By pass Crushing Conveying Option 5 Project
- b. Services and Facilities, New Yanacancha Camp
- c. Topographic Surveying, New Camp

Minera Chinalco Peru S.A.

- a. Management of the construction of the Kingsmill Tunnel Treatment Plant - Toromocho Project
- b. Feasibility Study at Basic Engineering level.



Sociedad Minera Cerro Verde S.A.A.

Detailed Engineering for Debottlenecking Project.

Asociacion Cerro Verde

- a. Review of Technical Dossier, Construction of Mostajo Interchange, Venezuela
- b. Basic Engineering and preliminary draft for Tingo Bridge Enhancement.

Gold Fields La Cima

- a. Relocation of facilities

- b. Detailed Engineering for reagent storage
- c. Reinforcement of structures of maintenance workshop
- d. QA of engineering for tailings transportation.

Votorantim Metais Cajamarquilla

- a. Engineering Framework Contract
- b. Supervision of bridge abutment protection and deck reinforcement.

Panamerican Silver

Review of 2007 Conceptual Engineering plan to optimize the Concentrator Plant.

Hydrocarbons

Petroperu S.A.

Supervision of Environmental Remediation work at La Pampilla refinery and its Sales Plant.

Repsol:

La Pampilla Refinery
Detail Engineering Framework

Contract on RELAPASA investment projects.



Pluspetrol

Engineering Service for the Pisco and Malvinas plants.

Perenco Peru Limited Branch Peru

Basic Engineering for the Dorado - Andoas Pipeline.

Buildings and Industry

Cemento Andino S.A.

Service Contract for Industrial Cleaning and Waste Management by our subsidiary, Ecotec S.A.

Proctle & Gamble
Mechanical and Electric

Detailed Engineering for Iron Man.



Hotel Moon Palace

Supervisión y control del proyecto Hotel Moon Palace Casino, Golf & Spa Resort Punta Cana, 1800 habitaciones. Zona de Bávaro en Republica Dominicana.

Siderperu

Validation of Conceptual Engineering and Detailed Engineering for Zero Discharge Treatment.

Infrastructure and Transportation

Provias nacional

Supervision of periodical maintenance of Section 1,

Ciudad de Dios Cajamarca Highway.

Minera Yanacocha S.R.L.

Supervision of 73 Kms of road from Chilete to the Cajamarca Road Junction

Consorcio Cayma

Ampliación y mejoramiento sistema de Agua Potable de Arequipa.

Consorcio Bajo Chira

Water Distribution System.



Shougang Hierro Peru S.A.A.

Supervision of Works at the San Nicolás Pier

- a. Supervision of Works for new Stockes system, loading transfer

- b. Basic and Detailed Engineering for the Water Pipe on the Jahuay area
- c. Supervision of bridge abutment protection and deck reinforcement.

Edegel S.A.A.

Topographic surveys for feasibility study of C.H Curibamba Project. Enhancement and improvement of Arequipa's potable water system.



Ositran

Supervision of section 5 of the Southern Interoceanic Corridor - Peru - Brazil.

Concesionario Hidalgo & Casa

Final engineering study

for the roadway on the Sol Highway, Trujillo, Chiclayo and Piura Sections.



Survial

Final Study for the Construction of the New "Descomulgado" Bridge.

GMP / Servicios Petroleros

2009 marked the 25th anniversary of GMP S.A., we believe that our main achievement is the company's human capital, who have professionally and diligently faced significant challenges to become what we are today: the leading Peruvian company on petroleum services and operations.

Despite the international slowdown in the economy and the oil price plunge during the first semester of the year, our consolidated sales figures totaled US\$ 63.9 MM, which represent 93% of the volume achieved in 2008.

GMP earned the "Sustainable Development 2009" award granted by the National Mining, Petroleum and Energy Association for the activities conducted to save plant species native to the dry forest of Talara, which are critically endangered.

The reception, storage and dispatch processes for hydrocarbon by-products at the Pisco Terminal as well as the processes conducted at the headquarters in Lima obtained the Trinorma international certification (ISO 9001, ISO 14001 and OHSAS 18001); to do so, we implemented the Quality, Occupational Health and Safety, Environment and Management Comprehensive Systems (SIG). Bureau Veritas Certification certified Consorcio Terminales.



Main Projects 2009



Exploration Production

Four development wells were drilled in 2009 on Lots I and V Northeast, 361,000 oil barrels and 1,709MMSCF of natural gas.



Drilling

GMP's drilling activities as drilling contractor totaled 36 oil and gas wells drilled Northeast Peru with a total depth of 125,000 feet.



Talara Gas Plant

The amount of natural gas processed at the new gas plant in Pariñas during the year 2009 was 10.01 BSCF, which is an average of 27.6 MMSCFD and the production of liquids totaled 392,520 barrels (solvents and GLP).



Consortio Terminales

The Consortium formed by GMP and Oiltanking dispatched an average of 66,607 barrels of products per day at the country's 9 terminals, while storage by our users amounted to 1.844 MM barrels. At the Camisea Marine Terminal (Pisco) 122 vessels were loaded with a total of 23.97 MM barrels.

GMV / Servicios Inmobiliarios

In line with the Real Estate Business Strategic Plan developed on April 2008, the decision was made to create a new company in the Group, GMV, to manage all Real Estate developments. GMV's start-up date was January 1st 2009.

The strategy set for GMV aims at having 2/3 of its sales stemming from Social Housing Programs under the VIVA brand name.

Under this line of action, we have successfully continued developing our Parques del Agustino housing project during 2009; this project involves the construction of 3,400 apartments while two other projects, Parque Garezón and Parque Central Club Residencial, have already started sales.

Likewise, by the end of 2009 we acquired a 9.5-hectare lot in Carabayllo and became majority shareholders of ALMONTE Real Estate, owner of 1,000 hectares in Lurín.

During 2009, we launched a new Commercial Area in charge of servicing all GMV projects on Marketing, Sales and Social Assistance. The latter, Social Assistance, is a new service tool for our Clients, with it we advise them on how to set up homeowners' associations, and to prepare maintenance budgets, internal rules and handbooks of coexistence, among other topics.

Total annual activity of the company amounted to US\$ 60.7 MM, driving an operational profit of US\$ 4.6 MM. Since 2009, and due to a change in accounting standards (IAS 18), revenue from selling is only recognized when the apartment is physically transferred to the customer. In previous years, the sale was recognized based on the billing.

We are a group of people who are truly committed to the group's values, proud of having delivered and improved the quality of life of many Peruvian families. We are very optimistic about our future, the social housing market is growing at a sustained pace in Peru and we believe this market will continue its extraordinary growth in the coming years. This will allow us to further develop real estate projects that shall bear the hallmarks of Graña y Montero, with the quality, reliability, dependability and efficiency we are known for by the Peruvian market.



Main Projects 2009

Traditional Housing - GMV



Golf Millenium

Project at the heart of San Isidro, 4 towers of exclusive apartments overlooking the Golf Club of San Isidro, 178 Apartments. 51,000m² of construction.



Malecón Cisneros

Project on the Seafront Promenade (Malecón)

of Miraflores, 17 floors, 33 exclusive apartments overlooking the ocean, 11,000m² of construction. This project was 100% sold nine months before the estimated delivery date.

Javier Prado 200

2-tower project in Magdalena, each tower 15 floors and 138 apartments. More than 9,500m² of construction.



Los Inkas

20 exclusive apartments facing the Golf los Inkas, Surco.

Diez Canseco

Located in Miraflores, this project includes 3 towers, first and second are 18-floor towers; the third tower will

have 15 floors, a total of 115 apartments. Total area to be built is 20,000m².

Parking Lot Real 11

4 additional parking levels with 288 parking spots at the Centro Empresarial de San Isidro (San Isidro Business Towers).

Social Housing - Viva

Parque Garezon

476 apartments, distributed in 17 seven-floor buildings. Located Downtown Lima, an estimated 34,500m² of construction area.

Parques de Carabaylo

This project contemplates building 1,200 apartments at the district of Carabaylo. 4 areas of 300 apartments each, 25 three-floor buildings, 80,000m² of construction area. First project of its kind that will offer apartments in the area.

Parque Central

1968-apartment project, 12-floor buildings located at the heart of Downtown Lima. Approximately 158,000m² to build. Introducing the Club Concept for this segment.



Los Parques del Agustino

3,400-unit complex located in El Agustino, 170 5-floor building units, over 218,000m² of construction area. This is the first project in Peru that introduces the concept of Social Management for the homeowners.



GyM / Servicios de Construcción

During 2009, GyM S.A. grew to set a new record of 526 million dollars in sales, which resulted in after-tax profit of 22.9 million dollars. It is noteworthy that the company ended the year with a backlog of US\$ 777 million, which guarantees growth for the coming years.

Despite the rough year for the world economy that made several major investment projects to stagnate in Peru, the aforementioned figures speak of an 18% growth over the preceding year; and taking into account the split-off that took place in 2009, by which GMV was created, the actual growth would be 22%.

In the mining sector, the contract award was obtained for Vale do Rio Doce, the phosphate processing plant at Bayóvar; the mining contract with El Brocal mining company was renewed until 2015; and the contract of civil works and assembly was obtained for the concentration plant of Pueblo Viejo Mine in Dominican Republic.

On what concerns the energy sector, we signed contracts to expand the Machu Picchu hydroelectric power plant and the Huanza hydroelectric power plant.

Another major project is the joint venture contract with Odebrecht to prepare the technical dossier and the execution of civil and electromechanical works for Lima's commuter rail (Electric Train).

The Building sector grew over 50%. The major projects in this sector were the contracts awarded to build the new BCP office in Chorrillos, the Real Mall for the Interbank group and the Westin Hotel in Lima which became Peru's tallest high-rise building.

Aware that this success was only possible due to the valuable contribution of the extraordinary GyM team composed of 700 engineers and over 8,000 laborers who display their best effort and commitment to the diversity of projects executed all over the country and abroad, our human resource management plans focus on personal and professional development of this group of people who feel proud of the organization and its accomplishments.

Main Projects 2009

Mining



Bayóvar

Vale phosphate processing plant.

Brocal

Renewal of the current contract in force since 1998, until 2015.

Buenaventura - Orcopampa y Poracota

Construction of tunnels, ramps and galleries.

Pueblo Viejo

Project in Dominican Republic. Civil works: 35,000m³ of concrete for the assembly of mill and crusher concentrator.

La Zanja -

Bramadero Reservoir

First project for Buenaventura's La Zanja Mine.

Outotec Cajamarquilla

The acid and roasting plant of Cajamarquilla Refinery was concluded for Outotec from Germany.

Antamina

Miscellaneous works prior to expanding the capacity at the Mine.

Power, Gas and Petroleum

Celepsa

Lining of the Platanal Hydroelectric Power Plant shaft - 220MW.

Kallpa Generación

Civil works and assembly of the natural gas pressure-reducing station for Kallpa I and II thermal power plants Ductbank construction

and land-leveling Stage 1 - Kallpa - Chilca.

Petrobras

EPC for "La Peruanita" and drilling platform "Urubamba", at lot 58.

Abengoa Peru

220kV transmission line Conococha - Kiman.

Egamsa

Machu Picchu hydroelectric power plant expansion - 99MW.



Peru LNG

Pampa Melchorita liquefied natural gas plant: Electrical works and instrumentation.

Structural assembly and piping.

Huanza Generation Company

Huanza services - 90.6 MW hydroelectric power plant.

Duke Energy Egenor

Civil works and gas plant assembly - Las Flores thermal power plant - 184 MW.



Tgp - Chiquitirca

Chiquitirca natural gas compressor station for the Camisea project.

Pluspetrol

EPC for two raffinate units - "topping plants" - in Lot 1AB and Lot 8.

Infrastructure and Industrial

Potable Water Treatment Plant Arequipa

Intake, 11 - km conduction line and a water treatment plant with a capacity of 1.5m³/s.



Highway

Buenos Aires - Canchaque

Construction of the highway in the northern part of Peru was concluded.

Sedapal Pariachi

Potable water and sewer system for 9,500 lots in the downtown area of Lima.

Cementos Yura Plant

Expanding the capacity of

Cementos Yura plant. 110mt exchanger tower, furnace, silos, among others.

IIRSA South Sections 1, 2 and 3

Rehabilitation and paving works.

Building

Bcp Computer Center

Construction of the new computer center in Chorrillos.

Hotel Westin Libertador

303 - room hotel in San Isidro.

Javier Prado 200

Multifamily apartment building in Magdalena.

Htg - Usil School

New School of Tourism and Hospitality Management at USIL.

Hotel Ibis

Hotel from the Ibis chain in Miraflores.

Parques Del Agustino

Peru's biggest housing complex.



Parque Central Club Residencial

GMV real - estate project.

Centro Civico Lima

New mall at the Centro Civico Lima.

Qubo Office Building

Office building in Surco.

Telecommunications

Geomail

Supply and install IP telephone switch systems for Trujillo and Arequipa offices.

Kimberly Clark

Networking equipment.

Foreign Affairs Ministry

Structured and electric cabling service of the Porras Barrenechea Building.

Huawei

Install equipment to expand the networks of the main telephony providers.

Antenor Orrego University - Upao

Structured cabling at the medical laboratories facility.

Telefónica del Perú

Ten years of continuous service provision such as infrastructure, switching, transmission, data, access networks, microwaves, etc.

Concar / Mantenimiento y Operación de carreteras

At the end of the year 2008 and during the first half of 2009 the world was hit by an international crisis, fortunately our country was prepared to weather the storm. This allowed CONCAR to implement the development plan as established.

In addition to the 5 projects already underway, by the end of 2009 operations started for the concession of the Buenos Aires - Canchaque highway detour that has a 78-km section passing through Piura. Similarly, the contract was awarded and works began on December 2009 to provide 5-year maintenance services to the Project "Keeping the service levels for the Regional Highway- Bayóvar Division and Chiclayo, Lambayeque - Mocce - Olmos Division Toll Roads" with a 261.66-km section.

We have increased the number of activities conducted under the contracts currently in force, consolidating our position as a leading company specializing in routine and periodic maintenance of paved as well as compacted roads. Two types of contracts can be clearly identified, those entered into with concessionaires and those executed directly for the State; CONCAR has reached a total of over 3,000 Km of highways for which it is in charge of road operation and maintenance.

Sales have increased in over 42.86% over 2008, keeping up with the good results of preceding years.

We will continue to actively participate in bids during the year 2010; the State has announced the tender for a large group of road sections as part of the infrastructure development and maintenance program in Peru.



Main Projects 2009

Operation and Maintenance of Highways

Section 1 of the Interoceanic Highway (758 Km.).

Provide support to Survival on signposting, final set up and road infrastructure management.



Ancón - Huacho - Pativilca Highway (182 Km.).

The Emergency Response Center was boosted during 2,009, implementing the information system fully developed by CONCAR that will allow for a faster

response time to emergencies on the road.



Detour of the Buenos Aires Canchaque Highway (78 km.).

In the department of Piura, operations started at the end of the year with one toll booth.

Routine and Periodic Maintenance of Highways

Tacna - Camiara Bridge, Tacna - Tarata, Tacna Palca, Tacna - La Concordia and Tacna - Ilo highway (399 Km.).

Routine maintenance service level has reached 100% thus showing the consolidation of the project.

Keeping Service Levels of Highways



Regional Limit Highway - Division Bayóvar and Chiclayo, Lambayeque - Mocce - Division Olmos Toll Roads With a 261.66 - Km section, encompassed the initial set up works.

Routine Maintenance of Highways



Sahuinto Bridge in Ayacucho (370 Km.).

Road final set up allowing a 4-fold increase in traffic, and decreasing travel time from 12 down to 9 hours as a consequence of road improvement.

Larcomar / Fashion Center

It is our pleasure to present the 2009 Annual Report in which, despite the world financial crisis, we have once more exceeded the preceding year's figures as well as the growth expectations set out in our budgets.

During 2009 we have consolidated our marketing and sales strategies, resulting in 98% occupation of the leasable area, making Larcomar be visited by 6.35 million people, including 710 thousand tourists, which is 6% more than in 2008, thus enabling the operators to bill a total of US\$ 59 million dollars, 2% more than last year. Total income for the company was US\$ 11.18 million, generating an EBITDA of US\$ 5.65 million.

This volume of activity has reinforced Larcomar's positioning as an industry leader in tourist attractions, shopping centers and entertainment centers oriented toward offering the best experience in a safe environment with quality. The satisfaction level among all segments of visitors is 96%, which we have maintained since the startup of operations.

Larcomar is continuously being promoted in the tourist and cultural circuit of the city of Lima, while different events have been held in coordination with several industry-related entities. The "modern face of the city" concept has been well received by the major travel agencies, hotels and public organizations and is being disseminated at international fairs and important tourism forums

Financially we meet all our obligations within the time frames agreed, thus reducing the debt and obtaining a 10% reduction in financial expenses.

Our team composed of 230 employees has actively participated in the administration, commercialization, marketing and maintenance of the facilities. All of them take active part in safety drills conducted jointly with Indeci (civil defense) and the fire department gaining significant experience, which has been reinforced with an annual average of 49 hours of training per employee and leadership programs. The resulting climate has been assessed by the Great Place to Work Institute, where the satisfaction index for both direct and indirect workers was 75%; and 81% for the direct workers only.

It should be noted that we look toward the future with optimism, having set two major target projects for 2010; first, the construction of a 300-room hotel, for which we have partnered with the Intercontinental hotel chain; second, building a mall of 174 stores at El Agustino.

Lastly, it should be noted that during the past four years we have strengthened the company to face new challenges with the responsibility of being the leader. We have a trained and well-motivated team to whom we thank for their permanent support in achieving our objectives.



Main Operators 2009

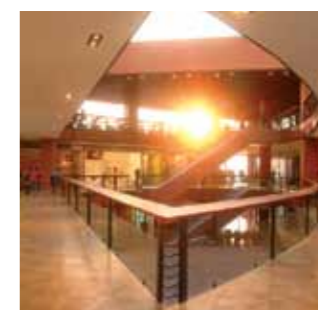
- + Alpaca 111
- + Liliana Castellanos
- + Giuliana Testino



- + Tadoo
- + North Face
- + Timberland



- + NU
- + Nike
- + Air Sport Club by Nike Air



- + GMO
- + Swatch
- + Phillip Morris

- + Starbucks
- + Chili's
- + Friday's
- + Tony Roma's



- + Laritza
- + Café Café
- + Mangos
- + Makoto
- + Havana

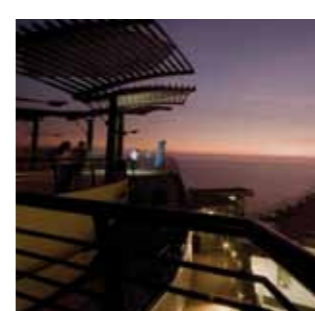


- + Hush Puppies
- + Florsheim



- + Pizza Hut
- + Burger King
- + KFC
- + Bembos

- + Aura
- + Gótica
- + UVK
- + Backus
- + La Dama Juana



- + Íbero
- + Telefónica





Peruanos Haciendo Perú



Peruanos asegurando la sostenibilidad



Social Responsibility

The growth of our organization and leadership as well as the economic results obtained are signs of a business entity guided by corporate values that take into account the expectations of clients, shareholders, workers and the community at large.

Knowledge Management has become critical to the Group's strategic development, driving competitive advantages for its companies and workers, and developing programs and activities that enable them to share and promote knowledge development within the society.

Along these lines, throughout the year 2009 we continued implementing the successful program "Developing Job Skills in the Areas of Influence" which fosters and strengthens positive links with the communities where we operate, providing personal development and insertion in the job market, benefiting to date 2,915 individuals.

"Espacio Azul", a Graña y Montero non-profit civil association, along with the collaboration of the Engineers' Association of Peru and the Peruvian Engineering Academy, has launched the award "Premio Graña y Montero a la Investigación en Ingeniería Peruana" (Graña y Montero award to Peruvian engineering research) to acknowledge and boost the contribution of the country's engineers to the communities. By the same token, and with the objective of promoting and sharing our knowledge with the academic world,

we have signed cooperation agreements with the Universidad Nacional de Ingeniería (National University of Engineering) for the development of research on applied engineering.

To these major facts, we add the following social responsibility actions and initiatives both within and outside of our organization, all of them part of our Annual Report to the World Pact sponsored by the United Nations, and the object of annual IDB audits of our projects.

Our employees' professional and personal development is considered as the key contributor to our accomplishments and the strategic foundation for our future growth. Therefore, we continue implementing human resource management policies enabling our 13,342 collaborators to form teams based on trust, commitment and pride on their achievements as individuals, as teams and as a company.



Human Resource Management

The Group's economic growth entailed a significant increase in the total number of workers, which reached 13,342; that is, an increase of about 2.54% compared to the previous year. The number of professional employees has risen 10.07%, reaching 2,143; 1,573 of whom are engineers with different areas of specialization

This growth was paired with an efficient human resource management aimed at the personal and professional development of the employees of an organization which is increasing in competitiveness and specialization, thus enabling our employees to take on positions of higher responsibility, to further enhance their competencies, to reinforce teamwork, to access new work environments equipped with state-of-the-art technologies and to enjoy socialization activities, among other benefits.

As a result of this, employee satisfaction levels have substantially increased and we can now share the remarkable results obtained in the annual assessment of the workplace climate by the Great Place to Work Institute. According to this survey, 84% of the collaborators working for any company pertaining to the Group stated that their company is a great place to work. Likewise, two of the Group's companies were awarded special recognition. GMI was ranked within the 30 best companies to work for in the country and CONCAR - in the category of companies with over 700 employees- was considered by 2 out of every 3 employees as a great place to work.

As part of the commitment to all our employees, GyM hired a specialized consulting firm to carry out a specific workplace climate survey aimed at gathering the perception about their company of the over 8,000 laborers from the different construction projects, and at assessing the effectiveness of the human resource management policies and programs addressed to this important group of collaborators. The survey provided important insights that allowed us to know that 82% of laborers feel proud of working for GyM.

As the organization is mainly composed of 1,573 engineering professionals and places special emphasis on knowledge management, training activities continued being enhanced in coordination with our Corporate Learning Center. The basic, intermediate and advanced programs aimed at developing professional competencies provided a total 189,105 training hours. The conclusion of the second highly specialized internal program for project managers, delivered jointly with the University of Piura's PAD, in which 32 engineers from different companies within the Group participated, merits special mention.

Among the different activities held to promote an organizational culture that emphasizes communication, creativity and camaraderie among the employees, GMP, GMI and GMD carried out special activities to celebrate their 25th anniversary. Not only did these celebrations reflected joy and pride as was expected, but they also showcased the artistic talents of the employees, who prepared and performed different numbers related to the celebration.

Driven by a reinvigorated esprit de corps, teamwork and camaraderie and eager to continue growing, all collaborators face the ongoing growth challenges with personal commitment and a professional attitude.



Educational Statistics

N° of People to 31.12.09	Graña y Montero	GyM	GMV	GMD	GMP	GMI	CONCAR	Larcomar	Total
Payroll Employees									
Engineers / Architects with Postgraduate Degrees	17	47	4	4	20	6	6	0	104
Other Professionals with Postgraduate Degrees	13	5	0	17	0	3	23	4	65
Engineering/Architecture Professionals	5	653	24	418	58	237	68	6	1469
Other Professions	11	327	19	54	30	44	7	13	505
Total Professionals	46	1032	47	493	108	290	104	23	2143
Technicians	4	177	16	437	251	127	1066	39	2117
Total Employees on Subsidiary payrolls	50	1209	63	930	359	417	1170	62	4260
Laborers									
Skilled laborers	0	3,489	0	0	0	0	0	0	3489
Unskilled laborers	0	3,186	0	0	0	56	0	0	3242
Laborers with subcontractors	0	2,194	0	0	0	0	0	0	2194
Total	0	8,869	0	0	0	56	0	0	8925
Total Personnel	50	10,078	63	930	359	473	1,170	62	13185
Interns	0	65	0	25	19	5	4	2	120
Independent Professionals	0	3	0	0	2	31	0	1	37
Total	0	68	0	25	21	36	4	3	157
General Total	50	10,146	63	955	380	509	1,174	65	13342

Distribution by Age

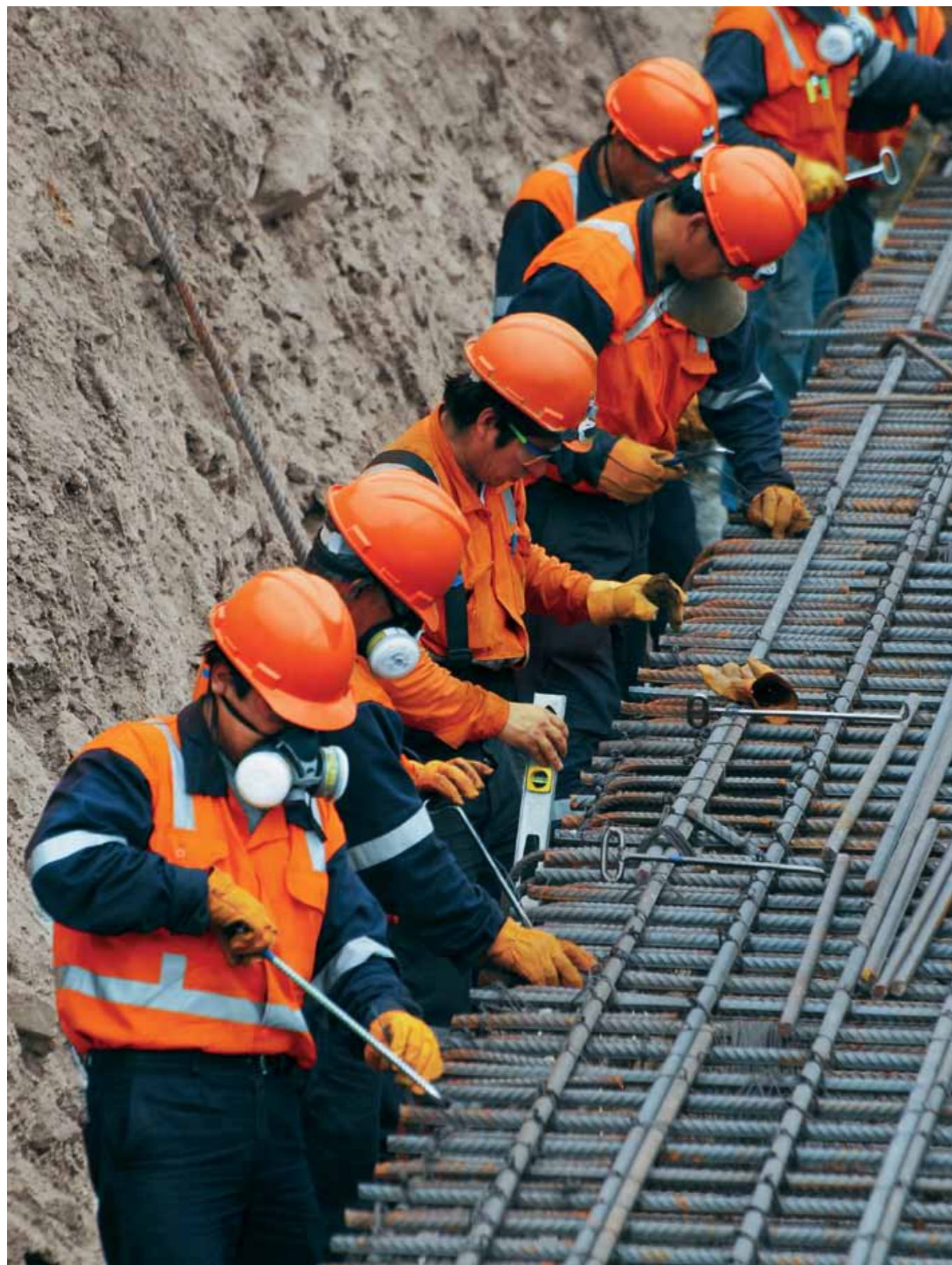
N° of Employees to 12.31.09	Graña y Montero	GyM	GMV	GMD	GMP	GMI	CONCAR	Larcomar	Total
Under 20 years old	0	0	0	1	1	0	11	0	13
20 - 30 years old	4	441	26	393	52	128	480	19	1543
31 - 40	17	423	23	424	69	137	417	21	1531
41 - 50	15	196	12	93	102	87	200	17	722
51 - 60	11	108	2	18	109	51	53	4	356
61 - 65	2	27	0	1	20	6	9	1	66
66 and older	1	14	0	0	6	8	0	0	29
Total	50	1,209	63	930	359	417	1,170	62	4260

Population Statistics

N° of People to 12.31.09	Graña y Montero	GyM	GMV	GMD	GMP	GMI	CONCAR	Larcomar	Total
Organization									
Head office	50	255	52	180	69	208	23	60	897
Projects	0	954	11	750	290	209	1147	2	3363
Total	50	1,209	63	930	359	417	1,170	62	4260
Gender									
Male	39	955	42	659	327	356	1034	42	3454
Female	11	254	21	271	32	61	136	20	806
Total	50	1,209	63	930	359	417	1,170	62	4260
Hierarchy									
Upper Management	30	5	0	3	12	6	6	3	65
Employees	20	1,204	63	927	347	411	1164	59	4195
Interns	0	65	0	25	19	5	4	2	120
Independent Professionals	0	3	0	0	2	31	0	1	37
Laborers	0	8,869	0	0	0	56	0	0	8925
Total	50	10,146	63	955	380	509	1,174	65	13342

Hiring arrangements Statistics 2008 - 2009

N° of people	Graña y Montero 31.12.08	Graña y Montero 31.12.09	GyM 31.12.08	GyM 31.12.09	GMV 31.12.08	GMV 31.12.09	GMD 31.12.08	GMD 31.12.09	GMP 31.12.08	GMP 31.12.09	GMI 31.12.08	GMI 31.12.09	CONCAR 31-12-08	CONCAR 31-12-09	Larcomar 31.12.08	Larcomar 31.12.09	Total 31.12.08	Total 31.12.09
Type of labor contract																		
Employees																		
Permanent labor relationship	47	50	208	278	N/A	9	198	251	206	228	38	38	53	64	58	60	808	978
Temporary labor relationship	1	0	1052	931	N/A	54	625	679	157	131	393	379	776	1106	2	2	3006	3282
Total Employees	48	50	1260	1209	N/A	63	823	930	363	359	431	417	829	1170	60	62	3814	4260
Laborers																		
Common system																		
Permanent labor relationship	0	0	0	0	N/A	0	0	0	0	0	0	0	0	0	0	0	0	0
Temporary labor relationship	0	0	706	1095	N/A	0	0	0	0	0	60	56	0	0	0	0	766	1151
Special civil construction system (temporary employment)	0	0	6403	5580	N/A	0	0	0	0	0	0	0	0	0	0	0	6403	5580
Total Laborers	0	0	7109	6675	N/A	0	0	0	0	0	60	56	0	0	0	0	7169	6731
Total employees and laborers	48	50	8369	7884	N/A	63	823	930	363	359	491	473	829	1170	60	62	10983	10991



Risks Prevention and Environment

In line with our risk prevention and environmental guidelines, responsible conduct regarding the environment and employees' physical, mental and social health while they are performing their work is a distinctive practice of all employees of Graña y Montero.

Our organization has developed an integrated risk prevention and environmental management system, taking the OHSAS 18001 and ISO 14001 guidelines as a reference for the purpose of guaranteeing fulfillment of the commitments established in our policies. This system is audited annually by Walsh, commissioned by the IDB and FMO, which certifies its effective, efficient implementation for the benefit of our customers and everyone working on the projects for which we are responsible, as well as the immediately surrounding environment.

The challenge we face today is to maintain such level of awareness, passing it on to the new generations that will lead our organization in the future.

Passing the prevention awareness torch from generation to generation will insure the Group's leading position based upon a preventive culture that increases the employees' competencies through specialized internal training programs and provides the equipment and tools needed to 'anchor' a safe behavior.

Our performance indicators are the unequivocal evidence that we are on the right path.

For the past three years we have maintained a Frequency Index (FI) below 1.00, the safety and environment training hours added up to 866.751 this year, increasing 30% annually; and investment in personal and collective protection equipment is around US\$ 5M, which accounts for 1% of the annual turnover.

These results have earned us recognition from our customers over the last years and resulted in their continuing to have confidence in us and awarding us contracts for new projects that enhance and prolong our status as a business group.

Our preventive culture is a constant value generation source and is an unavoidable commitment to our customers and the society at large.

Knowledge Management

Knowledge Management was further consolidated during 2009 after the incorporation of Human Resources managers for all of the companies. A milestone achievement was working with a Corporate Management Model that not only triggered coordination and alignment of criteria and generated synergy among the companies but also provided them with a long-term planning tool successfully used to develop the 2010 Plan.

This year, the ratio of training hours per employee was 45.8 man-hours, 17.4% more than the budget and similar to that of 2008 despite a 6% increase in the number of employees. The 189,105 man-hours imparted helped achieve these results.

The Internal Educators program was very successful, with 73% of internal training hours, of which 69% have been imparted by our Internal Educators.

Significant progress has been made regarding the objectives of the "Learn to Grow" strategy, namely in managing knowledge and developing portals or Internet-based communication systems that fosters not only the interaction on forums but also the elaboration of papers, practical advice and teamwork activities on projects aimed at retrieving and developing knowledge of our own.

These activities are making the professionals become agents of change devoted to strengthening a culture that prioritizes knowledge, making us increasingly efficient and allowing the attainment of the growth objectives.

Community Relations

During 2009 we continued developing and implementing social responsibility plans (RSE) during the execution of our projects, aware of the importance of developing harmonic and respectful relations with the communities where we operate. To reflect our commitment towards knowledge management and its impact on the society's development, we share our skills and growth by developing education-based programs and actions.

We reach out to the community developing workshops, seminars and programs aimed at developing competencies that allow insertion in the job market; creating a responsible attitude toward the environment; establishing micro businesses; promoting urban lifestyles that respect each other's rights and promoting road safety education, among others. During 2009, 19,367 people benefited from education-related activities and they received a total of 178,526 man-hours of training.

On what concerns the scientific and university community, noteworthy are the "Graña y Montero Award to Peruvian research on engineering" and the agreements signed with the National University of Engineering for the development of applied research on engineering projects and self-construction in urban areas.

A highlight for the year 2009 was launching the "Graña y Montero Volunteers" program that guides the interest and commitment of our collaborators to conduct philanthropic activities that are beneficial for the community. A clear example of that is their direct involvement in building the facilities for the Alternative Elementary School Program (PRONEI) "06 de December" located in the 06 de Diciembre human settlement at Pachacutec - Ventanilla - Callao.

Year 2009 Training Man - Hours

Description	GyM	GMD	GMI	GMP	Concar	Larcomar	GMV	Total
Basic Training	12,076	7,827	1,791	7,632	703	207	576	30,812
Professional Development	25,388	19,065	8,386	828	48,961	1,883	684	105,195
Collective Memory	1,004	282	158	60	7	194	93	1,798
Internal Training	38,468	27,174	10,335	8,520	49,671	2,284	1,353	137,805
External Training	21,377	12,427	2,373	8,974	3,685	723	1,741	51,300
Grand Total	59,845	39,601	12,708	17,494	53,356	3,007	3,094	189,105
Monthly Employees Average	1,305	877	434	352	1,052	61	50	4,131
Ratio: Training man - hours / Non Employees	46	45	29	50	51	49	62	46
Risk Prevention and Environmental Management (Laborers)	769,899	N/A	18,594	41,021	37,237	N/A	N/A	866,751

Social Responsibility Projects

Initiative	Target group Direct beneficiaries	Location
Dialogue and coordination with leaders to implement the Capacity Building Program for Insertion in the job market (Direct Training)	Community leaders at Lucanas, Quilcacassa, Yura, Puquio, Machuppichu, Chinchu, Nazca, Cañete and Tinyahuarco.	Abancay, Arequipa, Ayacucho, Cusco, Ica, Lima and Pasco.
Capacity Building Program for Insertion in the job market (Direct Training). 83,834 man-hours of training that benefited 1,522 people.	Residents and unemployed people from Lucanas, Quilcacassa, Yura, Puquio, Machuppichu, Chinchu, Nazca, Cañete and Tinyahuarco.	Abancay, Arequipa, Ayacucho, Cusco, Ica, Lima and Pasco.
Dialogue and coordination with dwellers to implement the "Labor Capacity Building" Program in the areas of influence (Indirect Training)	Residents of Orcopampa, Chilca, Chinchu, Marcona, Lima Cercado, Lurín, El Agustino, El Callao, La Concepción, Yauyos, Salitral and Tinyahuarco	Arequipa, Cusco, Ica, Lima and Pasco.
"Labor Capacity Building" Program in the areas of influence (Indirect Training) "Basic electrical installations". 7,055 man-hours of training benefiting 289 individuals	Residents of Orcopampa, La Convención, Chinchu, Marcona, Chilca, Lima Cercado, Yauyos and Tinyahuarco	Arequipa, Cusco, Ica, Lima and Pasco.
"Labor Capacity Building" Program in the areas of influence (Indirect Training) "Basic home sanitation installations". 3,678 man-hours of training benefiting 146 people.	Participants of the "Glass of Milk" welfare committees, soup kitchens, neighborhood councils and young people from the communities of Chilca, Lima Cercado, El Agustino, Yauyos, Salitral and Tinyahuarco	Lima, Pasco and Piura.
Labor Capacity Building Program in the areas of influence (Indirect Training) "Basic home sanitation and electrical installations" 13,198 man - hours of training benefiting 157 people.	Youth from Cañete, Lurín and El Callao	Lima.

Initiative	Target group Direct beneficiaries	Location
Labor Capacity Building Program in the areas of influence (Indirect Training): "Basic course on carpentry ". 1,680 man - hours of training.	Women and youth from Lima Cercado and El Agustino	Lima.
"Care and protection of individuals and the environment" Training program 2,392 man - hours that benefited 1,147 individuals.	Students from educational institutions of the communities of Chinchu, Marcona, Cañete, Lurín, Tinyahuarco and Sechura.	Ica, Lima, Pasco and Piura
"The environment, people and disaster prevention". 40,207 man - hours that benefited 7,800 people	Communities located in Cusco, Pisco, Supe, Salaverry and Juliaca.	Cusco, Ica, Lima, La Libertad and Puno.
Environmental monitoring: air quality and emission of gases, particulates and noise	Visitors and users of the entertainment center and fashion mall located in the district of Miraflores.	Lima.
Workshops on the use and management of residues, recycled materials and care of the environment. 216 people benefited.	Students from the educational institutions of communities located in Tarma and Surquillo.	Junín and Lima.
Environmental and Healthcare Preventive Activities Program.	Community of the district of Mollendo and San Andrés.	Arequipa - Ica.
Training Program: Entrepreneurial Andean Women: Weaving. 2,764 man - hours of training	Wives of employees and workers living in Condorcocha – Tarma	Junín.
Guided visits to the Larcomar Gold Museum in partnership with Miraflores Municipality.	Students from the following schools: Juana Larco de Dammert, Fernando Bonilla, Andrés Bello, Scipion Ellona and Rebeca Carrión, all located in the district of Miraflores.	Lima.

Initiative	Target group Direct beneficiaries	Location
Social Assistance Program: "Community organization and coexistence, dissemination of internal rulebook, budget management and conflict resolution." 510 man-hours of training.	Representatives of the Housing Complex "Las Palmeras" – Parques del Agustino	Lima.
Road safety awareness training program "Road Safety Awareness". 9,474 man - hours training that benefited 2,313 individuals.	Children from schools located in the communities of Abancay, Andahuaylas, Chalhuanca, Nuevo Santiago, Puquio, Vado, Ancahuasi, Catañiray, Occoruro, Huacarpay, Huillque, Yanama, Yungayqui, Ancón, Sechura, Salitral and Canchaque.	Apurimac, Ayacucho, Cusco, Lima and Piura.
Conferences on Petroleum and its Importance as Energy for Peru.	Students from educational institutions in Mollendo, Salaverry and Mollendo (sic).	Arequipa, La Libertad and Moquegua.
"Adopt a Tree Program" to save the Hualtaco and other endangered species.	Children from Rural Elementary School of Jabonillal – Peasant community of Jabonillal - Talara	Piura.
Workshop on "Management of Depression, Stress, Self-esteem, Childhood and Infancy Disorders." 1,064 man-hours of training	Residents of communities located in Yanacancha, San Pablo de Chilete, Tarma	Ancash, Cajamarca and Junín.
Non-related Training Program "Domestic violence, eating habits, cleaning product processing and printing"	Residents of communities in Convención and Lurín	Cusco - Lima.
Psychology Workshops and Seminars on: Family communication, healthy relationships with children and parents, healthy lifestyles	Residents of communities in Convención and Chíncha	Cusco - Ica.
Psychology Workshops and Seminars on: Motivation, leadership, income generating activities, healthcare, teamwork, conflict resolution and self- improvement.	Residents of communities in Yura, Convención, Chíncha, Cañete, Chorrillos, El Agustino, Huarochirí, Tinyahuarco and Andoas.	Arequipa, Cusco, Ica, Lima, Pasco and Loreto.
Support to local vendors and training for micro-businesses.	Residents and soup kitchens of Chíncha, Cañete, Yauyos and Tinyahuarco.	Ica, Lima and Pasco.

Initiative	Target group Direct beneficiaries	Location
Refurbishing school infrastructure (Desks, classrooms, multi-sports courts, walls, and fences)	Schools of Pampamarca, Chíncha, Cañete, El Agustino, Yauyos, Pasco, Canchaque, Salitral, Sechura and Talara.	Ayacucho, Ica, Lima, Pasco and Piura.
Support to set up and incorporate the Negritos Community Solid Waste Trading Company.	Community Solid Waste Trading Company Negritos - Talara.	Piura.
Information seminars: Graña y Montero CSR policy and the characteristics of its Projects.	Residents of the communities in Lucanas, Urubamba, Marcona, Yauyos, Supe, Tinyahuarco and Salitral.	Abancay, Cusco, Ica, Lima, Pasco and Piura.
First Graña y Montero Award to Peruvian Engineering Research.	Engineers throughout the country.	A nivel nacional.
University research support program – agreement with the National University of Engineering.	13 students from the Civil Engineering School of the National University of Engineering	Lima.
Graña y Montero Volunteers Program. One - day events.	35 boys from "06 de Diciembre" Alternative School PRONOEI -Ventanilla - Pachacutec - Callao and 60 girls from the Shelter Home Caritas Felices located in Lurín - Lima	Lima.
Graña y Montero Volunteers Program: Graña y Montero Campaign against cold weather.	477 residents of Negro Mayo and Pampamarca and around 39,200 from Puno.	Ayacucho, Puno.
Customer - Partner workshops: UVK Los Portales - Feedback from neighbors. 160 participants.	Visitors and users of the entertainment center and fashion mall located in the district of Miraflores	Lima.
Labor integration, teamwork and leadership workshops. 64 people benefited.	Employees and contractors from projects located in San Pablo de Chilete and Condorcocha.	Cajamarca and Tarma.
Vocational orientation and sexual health workshops. 1.094 people benefited.	Students from educational institutions of communities located in Eten, Marcona, Pisco, Chilca, Tarma, Lima Cercado, Breña, Puente Piedra, Surquillo and Tinyahuarco.	Chiclayo, Ica, Lima, Junín and Pasco.

Corporate Governance

Our major achievement in 2009 was obtaining the Key to the Lima Stock Exchange, a symbol of recognition and trust granted by said entity to the company with the highest score on good governance practices, based on the evaluation by an external auditing company.

By the same token, we incorporated a new Independent External Director in 2009; with the person appointed, who went through an induction process in the company, the board contains now a majority of External Directors vis-à-vis Internal Directors. We reassembled the Board Committees increasing the participation of Independent External Directors and we hired a new Independent External Director for our new subsidiary GMV.

Board of Directors

José Graña Miró Quesada. President of the Board of Directors and an architect by profession. Additionally he is the President of the Board of Directors of the subsidiaries GyM, GMP, GMD, GMV, CONCAR, and LARCOMAR, as well as Vice President of GMI. He is also a director of Empresa Editora El Comercio S.A. and Relapasa.

Carlos Montero Graña. Vice Chair of the Board of Directors. Civil engineer. Additionally, he is the Vice Chair of the Board of Directors of GyM, GMP and Director of GMD and CONCAR.

Hernando Graña Acuña. Director, industrial engineer with a post graduate degree in Mining Engineering from the University of Minnesota, U.S.A.. He is a director of GyM, GMI, GMP, Ecotec S.A. and CONCAR. President of Norvial S.A. He is also a director of CAPECO, AFIN and TGP.

Mario Alvarado Pflucker. Director and General Manager. Civil Engineer with a master's degree in Business Administration from George Washington University, U.S.A. Currently, also a director of GMD, GMI, GyM, GMP, GMV, CONCAR, Larcomar, Norvial and América Leasing.

Teodoro E. Harmsen Gómez de la Torre. Director and a civil engineer by profession. President of GMI S.A. Professor emeritus at the PUCP School of Science and Engineering - Director of the MDI Masters Program. He is also an honorary member of the Peruvian Engineering Academy, the Peruvian Association of Engineers and the American Concrete Institute.

Roberto Abusada Salah. Director, with a PhD in Economics (Cornell, U.S.A.). He is a director of GMD, CONCAR, LARCOMAR and the Peruvian Institute of Economics (IPE).

Augusto Baertl Montori. Director. He is a mining engineer by profession and the Executive President of Gestora de Negocios e Investments S.A. and IMA Latin America Inc. Additionally, he is the President of the Board of Directors of Agrícola Chapi S.A. and a director of Alturas Minerals, Norsemont, Interbank, GMP and FIMA.

José Chlimper Ackerman. Director. Engineer. He has a degree in Economics and Business Administration from North Carolina State University and holds the position of President of the Board of Directors of Corporación Drokasa and Sociedad Agrícola Drokasa, where he is also the CEO. Director of Maestro Home Center and Banco Central de Reserva del Peru. Additionally he is a director of GMD.

José Antonio Colomer Guiu. Director. Business Administrator. Graduate in Corporate Business Administration IESE from the University of Navarra. Graduate in Marketing from ESADE. Graduate in Quality and Strategic Marketing from AEDEM, High School of Business Management. Graduate in Leadership and Innovation IESE from the University of Navarra. He is a Director of the BBVA Banco Continental and the Continental Holding, and a Director of MAPFRE Cataluña and the BBVA Banco Provincial Venezuela, Speaker of the Barcelona Fútbol Club, Director of the finance department and head of the Futsal section. He is also Director of GMV.

Board of directors

José Graña Miro Quesada
President

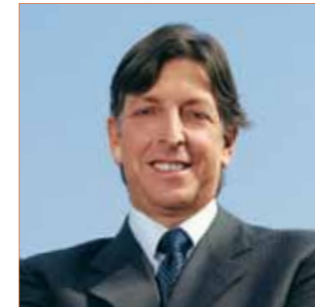


Carlos Montero Graña
Vice - President



Hernando Graña Acuña
Internal Director

Mario Alvarado Pflucker
Internal Director -
General Manager



Teodoro E. Harmsen Gómez de la Torre
External Director



Augusto Baertl Montori
Independent External
Director



José Chlimper Ackerman
Independent External
Director

Roberto Abusada Salah
Independent External
Director



José Antonio Colomer Guiu
Independent External
Director



Board of Directors' Committees

Auditing and Processes Committee

This Committee held three meetings during the year.

Roberto Abusada Salah

Chairman

José Chlimper Ackerman

Teodoro E. Harmsen Gómez de la Torre

Human Resources and Social Responsibility Committee

This Committee held three meetings during the year

Augusto Baertl Montori

Chairman

José Chlimper Ackerman

Roberto Abusada Salah

Investments and Risk Committee

This Committee held four meetings during the year

José Graña Miró Quesada

Chairman

Augusto Baertl Montori

José Antonio Colomer Guiu

Steering Committee

The Steering Committee responsible for the Group's coordination is composed of the 4 Internal Directors and the 7 General Managers of the Group's companies.

The Steering Committee held 4 meetings during the year 2009.

José Graña Miró Quesada

President

Carlos Montero Graña

Vicepresident

Hernando Graña Acuña

Director

Mario Alvarado Pflucker

Managing Director

Juan Manuel Lábarri

General Manager GyM

Francisco Dulanto Swayne

General Manager GMP

Jaime Dasso Botto

General Manager GMD

Walter Silva Santisteban Requejo

General Manager GMI

Jaime Targarona Arata

General Manager CONCAR

Rolando Ponce Vergara

General Manager GMV

Antonio Rodríguez Canales

General Manager LARCOMAR

External Directors in Subsidiaries

GyM

José Chlimper Ackerman

GMV

José Antonio Colomer Guiu

GMI

Teodoro E. Harmsen

GMI

Guillermo Amézaga Arellano

GMD

Roberto Abusada Salah

GMD

Eduardo Razetto Arméstar

GMP

Augusto Baertl Montori

CONCAR

Roberto Abusada Salah

LARCOMAR

Roberto Abusada Salah

LARCOMAR

Caridad de la Puente Wiese

LARCOMAR

Gonzalo De las Casas Díez Canseco

Office for Shareholder Services

The Office for Shareholder Services continued responding to inquiries from the companies' investors and shareholders during 2009.

Board of Directors Self - Assessment

For the fourth time, we underwent the Board of Directors Self-Assessment Process for Graña y Montero S.A.A. as well as for our other subsidiaries. This time the self-assessment consisted in comparing how the Boards of Directors of our subsidiaries function to then pinpoint and standardize the best practices. The self-assessment for Graña y Montero S.A.A. consisted in analyzing the operation of the Boards of Directors' committees, which we deem have been strengthened year after year by having a majority of external members. Likewise, as part of our 2009 objective 2009 of bringing the Directors closer to the business, they visited the works at Pampa Melchorita, south of Lima, as well as the works in Bayóvar, North of Peru and the construction site of the Westin Hotel in Lima.

Senior Executives

Mario Alvarado Pflucker

Corporate General Manager from 1997 to the present. Obtained a bachelor's degree in Civil Engineering from Universidad Ricardo Palma and a master's degree in Engineering Administration, specializing in Construction Management, from George Washington University, U.S.A. Currently, he is also a director of GMD, GMI, GyM, GMV, GMP, CONCAR, Larcomar, Norvial and América Leasing.

Juan Manuel Lábarri Hierro

General Manager of GyM from 2001 to the present. Civil Engineer graduated from Pontificia Universidad Católica del Perú and Senior Management Program (Spanish acronym: PAD) at Universidad de Piura. He began working for Graña y Montero in 1982 and currently, he is also a director of GyM, GMV and GMI.

Hernando Graña Acuña

GyM director and executive. Industrial Engineer with a post graduate degree in Mining Engineering from the University of Minnesota, U.S.A. He is a director of GyM, GMI, GMP, Ecotec S.A. and CONCAR. President of Norvial S.A. He is also a director of CAPECO and TGP.

Francisco Dulanto Swayne

General Manager of GMP S.A. since it was founded in 1984 and a director since 1988. Studied at Universidad Nacional de Ingeniería (National Engineering University), ESAN, PAD Universidad de Piura. He has been working for the Graña y Montero Group since 1974. He is also a director of Consorcio Terminales. He's past-President of SPE (Society of Petroleum Engineers), Lima Section, in 1991 and Director of the Sociedad Nacional de Minería, Petróleo y Energía (the National Society of Mining, Petroleum and Energy) from 1993-1994 and 2005-2006.

Jaime Dasso Botto

General Manager of GMD from 2000 to the present. He obtained a bachelor's degree in Electronic Engineering and a master's degree in Software Development from Stevens Institute of Technology, U.S.A. He was the Commercial Manager of GMD from 1994 to 1999. Currently, he is also a director of GMD.

Walter Silva Santisteban Requejo

General Manager of GMI from 1998 to 2005 and Managing Director from 2006 to the present. He obtained a bachelor's degree in Civil Engineering from Universidad Nacional de Ingeniería (National Engineering University). Currently, he is also a director of ECOTEC.

Jaime Targarona Arata

General Manager of CONCAR since August of 2005. Civil Engineer graduated from Universidad Autónoma de Guadalajara, with an MBA from Universidad San Ignacio de Loyola. He has also held the position of Civil Engineer on different projects, Commercial Manager of the GyM Special Projects Division and General Manager of Graña y Montero Mexico.

Rolando Ponce Vergara

General Manager of GMV since October of 2008. Previously, he held the position of Manager of the Real Estate Division. He has worked for the Group since the year 1993. He is a Civil Engineer by profession, with a degree from Universidad Ricardo Palma and a master's degree in Construction and Real Estate Business Management from Pontificia Universidad Católica de Chile-Politécnica de Madrid.

Mónica Miloslavich Hart

Corporate Financial Manager since July 1st, 2009. Economist graduated from Universidad de Lima. She has worked for since 1993. She has also held the position of Financial Manager of GME S.A. from 1998 to 2004 and Financial Manager of GyM from 2004 to 2009.

Miguel Valentín Ghezzi

Business development Manager since October of 2006. He has a degree in Business Administration from Universidad del Pacífico and an MBA from Harvard Business School. He has been with the Group since November of 2004. He is a director of CONCAR and Larcomar. He has been General Manager of CONCAR S.A. from 2004 to 2005 after which he was head of the IIRSA North Financing from 2005 to 2006. Previously, he worked for Citibank in the Corporate Finance Area.

Kinship

Mr. José Graña Miró Quesada, President of the Board of Directors, has first-degree kinship with Mr. Miguel Valentín Ghezzi, a director of Concar and Larcomar and Business Development Manager at Graña y Montero, third-degree kinship with Ms. Yamile Brahim Graña, shareholder of the company, and fourth-degree kinship with the director, Mr. Hernando Graña Acuña. Lastly, Mr. Teodoro Hans Harmsen Andress, a director of GMP, has first-degree kinship with Mr. Teodoro Harmsen Gomez De La Torre, a director of the company.

César Neyra Rodríguez

Manager of Internal Auditing and Management Processes. He has a bachelor's degree in Accounting from Universidad Nacional Federico Villarreal and a master's degree in Business Administration and Finance from Universidad del Pacífico. He has also studied Quality Improvement Systems and graduated from the Six Sigma Methodology program at Caterpillar University in Mexico and the U.S.A.

Claudia Drago Morante

Corporate Legal Manager from 2000 to the present. Attorney graduated from the University of Lima. PADE in Finance and Corporate Law from ESAN. She was the Legal Advisor to GMD from 1997 to 2000.

Juan José Arrieta Ocampo

Manager of Human Resources Management and Social Responsibility since November of 2007. Bachelor's degree in Sociology from Pontificia Universidad Católica. PADE in Business Administration from ESAN. He was the Human Resources Manager at GyM from 1999 through October 2007.

Company Name

In a corporate split-off from Investments Graña y Montero S.A., Graña y Montero S.A.A. was incorporated by public deed on August 12, 1996 and registered on card 131617 and electronic record 11028652 in the Registry of Legal Entities of Lima.

Capital

The capital of the company as of December 31, 2009 amounted to S/.390,798,933.00, represented by 558,284,190 shares with a nominal value of S/. 0.70 each.

Main Shareholders

To December 31, 2009; we have 1030 shareholders, of which 15.98% own less than 1% of the social capital, while 32.24% own between 1 and 5%.

The main shareholder is GH Holding Group, represented by José Graña Miro Quesada, President of the Board of Directors.

List of Main Shareholders to 12.31.2009

Names and surnames	Number of shares	Participation (%)	Nacionality
GH Holding Group	117,538,203.00	21.05%	Panamá
Prima AFP (Grupo Crédito) *	66,746,699.00	11.96%	Perú
AFP Integra (ING GROUP)*	65,302,489.00	11.70%	Perú
AFP Horizonte (Grupo BBVA)*	62,499,916.00	11.20%	Perú
Bethel Enterprises S.A.	33,986,024.00	6.09%	Panamá
Profuturo AFP (Grupo Scotiabank)*	33,447,960.00	5.99%	Perú
Genesis Smaller Companies SICAV	27,980,481.00	5.01%	Luxemburgo
Byron Development	24,040,669.00	4.31%	Panamá
Subtotal	179,504,708.00	77.31%	
Other Shareholders	378,779,482.00	22.69%	
Grand Total	558,284,190.00	100.00%	

* Sum of Funds 1, 2 and 3

Shareholding	Number of Shares	Percentage to 31.12.09
Less than 1%	1013	15.98%
Between 1% - 5%	11	32.24%
Between 5% - 10%	5	30.73%
More than 10%	1	21.05%
Total	1030	100.00%

Dividend Policy

The company's dividend policy in force for 2009 is to distribute 20% of available earnings as dividends.

Social Purpose

The company's main objective is to dedicate its efforts toward investments and mercantile operations in general, as well as engineering services, management consultancy, real estate investments, and the acquisition, transfer and negotiation of shares of companies and other securities

CIU – 6719

Duration of the Company

Graña y Montero S.A.A. was incorporated for an indefinite period of time.

Shares evolution

Stock quotation at year-end closing was S/. 2.83 per share.

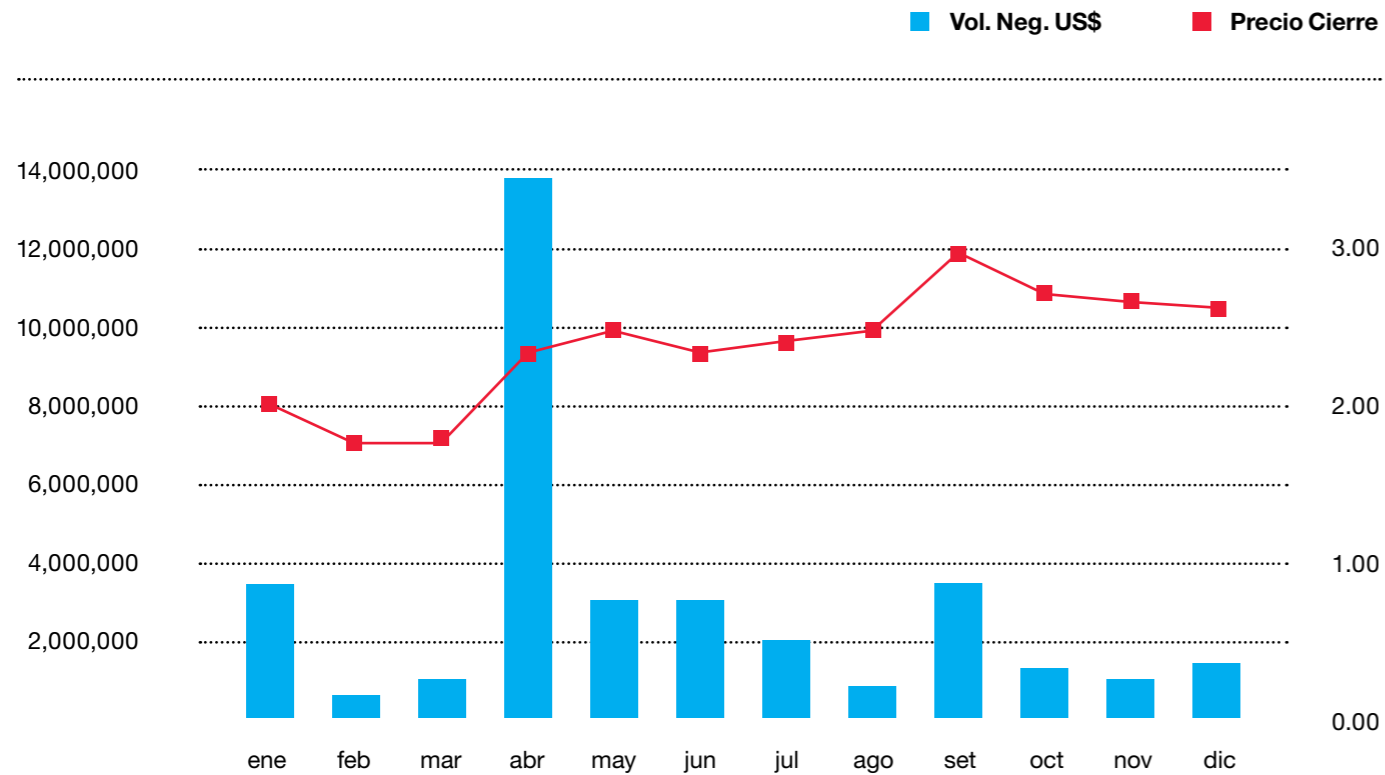
Average liquidity during the year was 90.8% and the volume traded amounted to S/. 97'753,605 during the year.

Finally, the IGBVL showed a 100.99% recovery during the year, while the ISBVL had a 91.89% recovery. Noteworthy variation of GRAMONC share that increased in 41.50% (including the effect of the issuance of paid-up shares)

Stock monthly quotation

ISIN Code	Mnemonic	Year - month	2009 Quotations				Average price in S/.
			Opening S/.	Closing S/.	Max. S/.	Min. S/.	
PEP 736581005	GRAMONC1	2009-01	2.10	2.05	2.13	2.00	2.06
PEP 736581005	GRAMONC1	2009-02	2.00	1.85	2.05	1.80	1.97
PEP 736581005	GRAMONC1	2009-03	1.85	1.90	2.02	1.78	1.89
PEP 736581005	GRAMONC1	2009-04	1.90	2.40	2.55	1.90	2.08
PEP 736581005	GRAMONC1	2009-05	2.45	2.50	2.69	2.34	2.51
PEP 736581005	GRAMONC1	2009-06	2.60	2.35	2.60	2.20	2.44
PEP 736581005	GRAMONC1	2009-07	2.40	2.41	2.47	2.10	2.37
PEP 736581005	GRAMONC1	2009-08	2.41	2.53	2.58	2.35	2.51
PEP 736581005	GRAMONC1	2009-09	2.53	3.06	3.10	2.43	2.87
PEP 736581005	GRAMONC1	2009-10	3.00	2.88	3.08	2.80	2.99
PEP 736581005	GRAMONC1	2009-11	2.87	2.84	3.00	2.75	2.81
PEP 736581005	GRAMONC1	2009-12	2.84	2.83	3.13	2.77	2.96

Traded volume GRAMONC 1



Securitization Bonds

In October 2003 the company and its main subsidiaries placed Securitization Bonds on the market with a partial guarantee from the IDB and the FMO in the amount of US\$ 50 million, with semi-annual interest payments and a maturity date in September 2011. At the end of December 2009, the balance of these bonds was S/. 47,582,000 (U.S. \$16.5 MM). During the year 2006, the company obtained the approval of the Assembly of Bondholders and the Guarantors to reduce the levels of the IDB and FMO guarantees, release the reserve account and relax certain conditions on the structure of the Bonds that generated operating and tax inefficiencies. These modifications do not affect the classification of the bonds, which continue to have an AAA rating.

ISIN Code	Mnemonic	Short - term instrument	2009 Quotations				Avg. Price %
			Opening %	Closing %	Max %	Min %	
PEP80070F083	INTE0BTG1U	Securitization Bonds	101.24%	104.49%	104.49%	98.45%	104.00%

Short Term Instruments

By the end of 2009 the company has a commercial paper program in force for a total of US\$ 20 million.

Of the total issuance at year-end closing, the company has two issuances in force for US\$ 6 million and US\$ 7 million with maturity dates in March and August 2010 respectively.



Brief History

The engineers Carlos Graña Elizalde, Alejandro Graña Garland and Carlos Montero Bernales founded Graña y Montero 75 years ago on June 22, 1933, under the name GRAMONVEL.

It started as a construction company until the year 1949 when it merged with Morris y Montero to acquire the capacity to execute paving and earth movement projects under the new name, Graña y Montero.

At that time, the company engaged in the country's major infrastructure works, such as the South Pan-American Highway, the Pato Air Base for the government of the United States and the city of Talara, as well as landmark buildings in Lima such as the Ministry of Economics and the Ministry of Labor.

During the fifties, Consorcio de Ingenieros Contratistas Generales S.A. was incorporated to carry out complex projects such as the Cañón del Pato Hydroelectric Plant, the Chimbote Iron and Steel Mill and the runway at Lima's Jorge Chávez Airport, as well as the Ministry of Education.

Subsequently, the company focused its growth on large, private projects such as the Cujajone and Cerro Verde mines, petroleum projects for Shell, Mobil and Occidental, and the Chavimochic and Chincas irrigation projects.

Following its 50th anniversary celebration in 1983, the company launched a Strategic Diversification Plan leading to the formation of GMP, the petroleum service company, GMD, the information technology services company, and GMI, the engineering consulting company that together were the origin of what is now.

In the nineties, Graña y Montero was actively involved in the Peruvian privatization process as the local partner of Telefónica in Telefónica del Perú, of ENDESA in Empresa de Generación Eléctrica de Lima (Electrical Generation Company), and of REPSOL in La Pampilla Refinery.

In recent years, Graña y Montero has been the first company to participate in the infrastructure concession programs. The company has been involved in the majority of the contracts and is currently in charge of the operation of over 3,000 kms. of roads through its subsidiary CONCAR S.A.

Similarly, it leads the expansion of economical housing projects by constructing mega-projects through GMV, subsidiary that started operations on January 1st, 2009.

Currently the Group has 1,573 engineers, is the only company of its kind listed on the Lima Stock Exchange, and is clearly the leader in the country's engineering and infrastructure sector.

Graña y Montero S.A.A. Brief History

In the year 1996, the company Graña y Montero splits off into two companies: (i) Inversiones Graña y Montero, and (ii) Graña y Montero S.A.

During 1997, Graña y Montero increased its capital stock through a public offering of shares, thereby making the company a publicly listed corporation.

Graña y Montero S.A.A. is the holding company for the Graña y Montero Group, which owns the shares of its main subsidiaries: (i) GyM S.A., (ii) GMP S.A.; (iii) GMI S.A.; (iv) GMD S.A.; (v) CONCAR S.A.; (vi) LARCOMAR S.A.; (vii) GMV S.A., among others.

Análisis de Resultados

- + By the year - end closing of 2009, activity had increased 15.6% (25.6% in dollars) compared to the preceding year, amounting to S/. 2,183.2 MM (US\$ 755.2 MM).
- + Available earnings at the 2009 closing amounted to S/. 134.4 MM (US\$ 46.5 MM), representing 6.2% of the activity and a contraction of 8.7% (0.77% in dollars) compared to the preceding year. This contraction is mainly explained by the fall in oil prices that affected the Petroleum Business gross profits.
- + OIBDA for 2009 amounted to S/. 339.4 MM (US\$ 117.4 MM) accounting for 15.6% of the activity and a drop of 8.9% (1.0% in dollars) compared to the preceding year. This decline is also explained by the fall in oil prices as previously mentioned.
- + The consolidated backlog at the 2009 year - end closing reached S/. 3,703.7 MM (US\$ 1,281.1 MM), the highest figure in the Group's history, representing an increase of 54.3% compared to 2008. From this Backlog, S/. 1,911.5 (US\$ 661.2 MM) will be executed during the year 2010, S/. 1,126.3 MM (US\$ 389.6 MM) in 2011 and the remaining percentage from 2012 onwards.

Consolidated Accumulated Key Figures

In thousands of Nuevos Soles

	2008		2009		2009 / 2008
Activity	1,887,723	100.0%	2,183,233	100.0%	15.7%
Billing	1,827,710	96.8%	2,001,475	91.7%	9.5%
Gross Profit	399,490	21.2%	329,551	15.1%	-17.5%
Operational Profit	294,936	15.6%	224,019	10.3%	-24%
Realized Profit	277,128	14.7%	207,550	9.5%	-25.1%
Available Profit	147,189	7.8%	134,400	6.2%	-8.7%
OIBDA (1)	372,696	19.7%	339,397	15.5%	-8.9%

(1) Utilidad Operativa + Depreciación + Amortización

Nota: On January 1st, 2009 the Real Estate Business split off of the Infrastructure and Construction Business (GyM) to form the company GMV S.A. For the purpose of this report, the figures of the latter for the year 2008 have been segregated to show the corresponding variations. Similarly, the revenue recognition method of the Real Estate Business has changed from the percentage of completion (IAS 11) to the physical transfer of item of property (IAS 18), according to the International Accounting Standards (IAS). On the other hand, in May 2009 Graña y Montero Group acquired a larger number of shares of Norvial S.A., concessionaire of the Ancón-Huacho-Pativilca highway, representing 50.1% of the company's equity. The figures reported include the consolidation of Norvial S.A.

Profits and Losses

The consolidated activity of Graña y Montero Group at year-end closing had grown 15.7% (25.6% in dollars) compared to 2008, amounting to S/. 2,183.2 MM. The growth in the activity during 2009 is mainly accounted for by growth in the Infrastructure and Construction Business, which grew S/. 117.84 MM (+8.4% in soles and 17.8% in dollars), the Concessions and Concession Operation Business that rose S/. 81.1 MM (+101.1% in soles and 118.6% in dollars), and the Real Estate Business that grew S/. 61.5 MM (+53.9 in soles and 67.3% in dollars).

The activity of the Infrastructure and Construction Business reached S/. 1,521.3 MM (US\$ 526.2 MM). The major contracts executed during the year were the Chiquintirca compression station for TGP, the plant and workshops for the Bayovar Mine, the rehabilitation of Section 1 of Southern IIRSA, the buildings for CBI on the LNG Peru Project at Pampa Melchorita, earth movement and mineral hauling for Sociedad Minera El Brocal. Similarly, we continue the construction of Sections 2 and 3 of Southern IIRSA. On the other hand, the most representative projects of the Buildings Division were the construction of the Westin Hotel, the construction of a distribution center for Unique, the Parques del Agustino Project and the revamping of the Centro Civico.

The activity of the Real Estate Business reached S/. 175.4 MM (US\$ 60.6 MM) at year-end 2009. The reported revenues reflect mainly the physical transfer of houses from the Parque del Agustino project and the apartments of the Golf Millenium Project.

The activity of the Petroleum Business in 2009 closed at S/. 184.9 MM (US\$ 63.9), which accounts for a 14.6% reduction compared to 2008. This decrease is mainly explained by the fact that crude prices dropped between the two periods compared. On the other hand, the activity of the Gas Plant also shrunk compared to the preceding year as a consequence of a plant stoppage for scheduled maintenance carried out by EEPISA during the first quarter of 2009, and the lower sale prices for liquids compared to 2008 as a consequence of the drop in oil prices. Lastly, the activity of the Fuel Storage and Dispatch line posted solid increases compared to the preceding year.

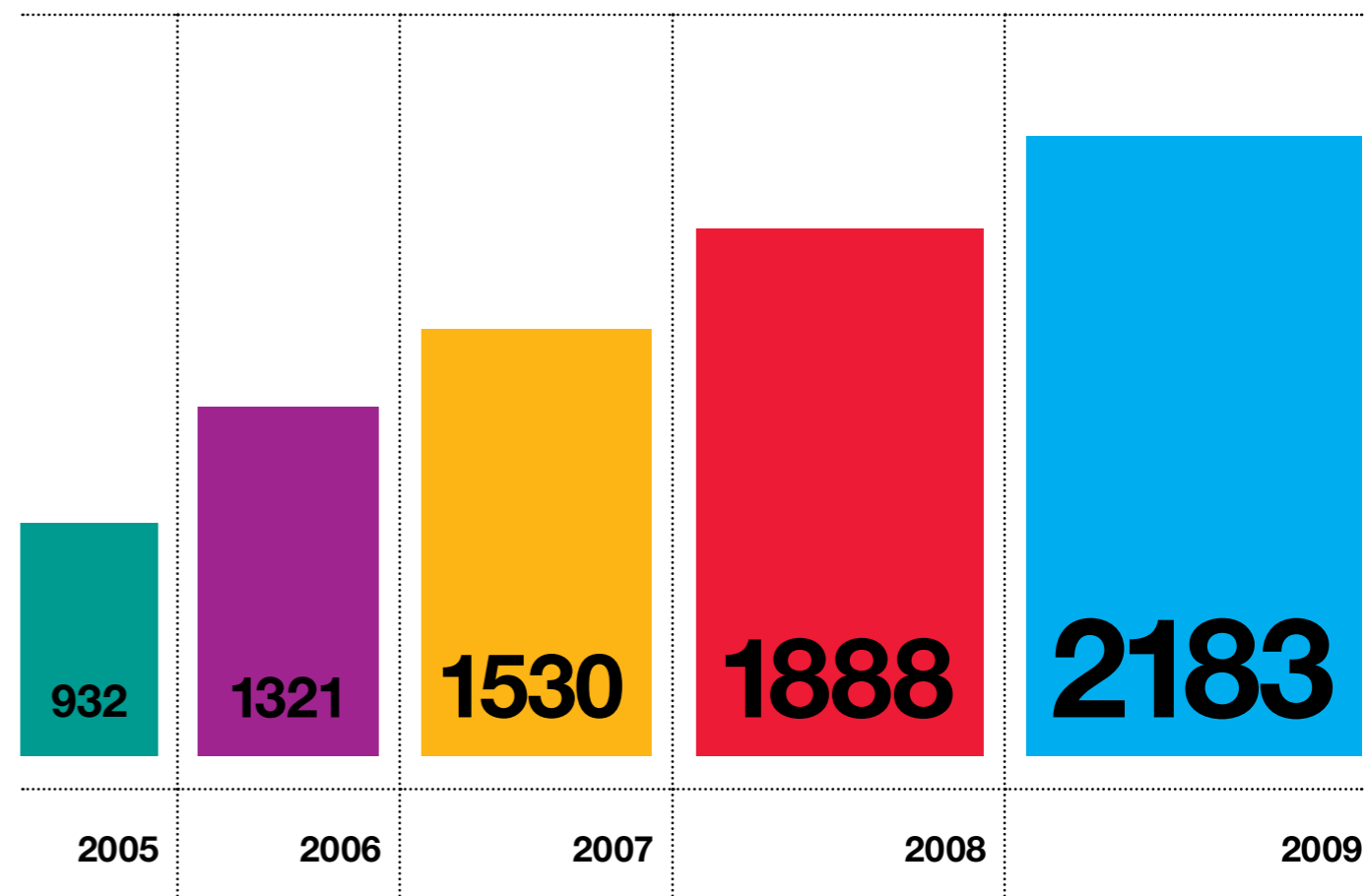
The activity of the Engineering Business reached S/. 73.9 MM (US\$ 25.5 MM) showing a 34.7% drop (29.1% in dollars) compared to 2008. The drivers of this business for 2009 were the energy, hydrocarbon and transportation sectors, along with an upturn in the mining sector. The major contracts that account for the activity in 2009 are the engineering services provided for Sociedad Minera Cerro Verde Cuello de Botella, the concession of Ruta del Sol at Hidalgo, and Barrett's Dorado Pipeline; the supervision of the Chilete-San Pablo road of Minera Yanacocha, the Section 5 of the Southern Interoceanic road and the water treatment plant for Minera Perú Copper; as well as the contract for geomatic services entered into with Anglo American Quellaveco. Despite the fact that this business line was the most affected by the international financial crisis, the activity levels picked up in the second half of the year.

The activity of the Highway Concession, Operation and Maintenance business in 2009 closed at S/. 161.3 MM (US\$ 55.8 MM) representing a sizeable rise of 101.1% (118.6% in dollars) compared to the previous year, which is mainly explained by the consolidation of Norvial S.A. Besides Norvial, this activity encompasses the Highway Operation and Maintenance with its Concession Contract on the Operation of the Paita - Yurimaguas Highway, the Operation and Maintenance of Section 1 of the Southern Interoceanic Highway, Operation and Maintenance of Road Network No. 5 for Norvial and the Tacna and Ayacucho-Abancay Road Maintenance Contracts.

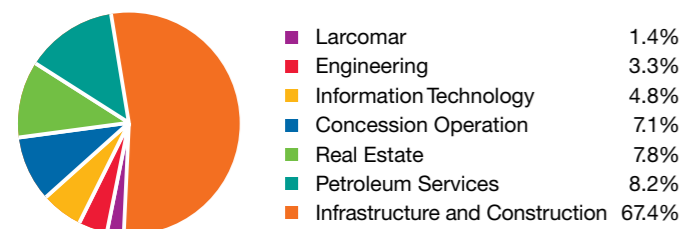
In the Information Technology business, the activity for 2009 amounted to S/. 108.4 MM (US\$ 37.5 MM) showing a -5.7% drop (+2.5% in dollars) compared to the preceding year. The decline in this year's activity is mostly due to the fact that 2008 included in its activity the end of the contract arrangement with Alicorp and the execution of the contract with Consucode.

The activity for Larcomar closed 2009 at S/. 32.3 MM (US\$ 11.2 MM) accounting for a 10.5% growth (20.1% in dollars) compared to year-end closing of 2008. The activity rose mainly due to the increase in occupation levels as well as to the greater traffic flow in the parking lot, which increased its rates.

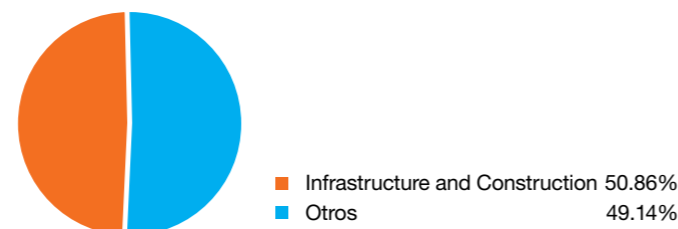
Consolidated Annual Activity (S/. 000 's)



Activity by Business



Gross Profit



50.9% of consolidated Gross Profit comes from businesses related to Construction. While 67.4% of the Activities is accounted for by the Infrastructure and Construction Business, the percentage of Gross Profit that stems from such business is lower. Thus, 49.14% of Gross Profit is accounted for by businesses not related to construction, in line with the Group's diversification strategy.

Gross Profit amounted to S/. 329.6 MM (US\$ 114.0 MM) which accounts for 15.1% of the Activity and shows a 6% decrease compared to the gross margin of 2008 year-end closing. Gross Profit for 2009 is composed of Gross Profit of the Businesses of: Infrastructure and Construction amounting to S/. 167.6 MM (US\$ 57.9 MM), Concessions S/. 54.8 MM (US\$ 18.9 MM), Petroleum totaling S/. 58.1 MM (US\$ 20.1 MM), Entertainment S/. 19.5 (US\$ 6.7MM) and Engineering S/. 17.7 MM (US\$ 6.1 MM). The remaining businesses account for the balance of the Gross Profits.

The Gross Profit of the Infrastructure and Construction Business shrunk in 16.3% (9.1% in dollars) compared to the previous year. This profit plunge is primarily due to the results obtained at Pluspetrol Norte's Topping Plant and the Buildings project for CBI, and to the lower volumes on Lot 8 and Lot 1AB for Pluspetrol.

On the other hand, Gross Profit from Concessions and Concession Operations amounted to S/. 54.8 MM (US\$ 18.9 MM), a 188.8% increase (214.2% in dollars) compared to 2008, mainly explained by the consolidation of Norvial S.A.

The Gross Profit of the Petroleum Business shrunk in 44.9% (40.1% in dollars) compared to the previous year. The sizeable decrease is primarily due to a lower activity in the Exploration/Production Line, driven by lower oil prices and the depreciation of investments made during 2008 for the new Gas Fractionation Plant of Talara.

Larcoamar's Gross Profit for 2009 rose 14.6% (24.5% in dollars) and showed an increased activity, while the Gross Profit for the Engineering Business decreased in 42.3% (37.0% in dollars) compared with 2008 as a consequence of a lower Activity.

Lastly, the Gross Profit of the Information Technology Business totaled S/. 17.7 MM (US\$ 6.1 MM) and the Gross Profit from Real Estate Business amounted to S/. 16.3 MM (US\$ 5.6 MM) at 2009 year-end closing.

Operating Earnings amounted to S/. 224.0 MM (US\$ 77.5 MM), which results in an Operational Margin of 10.3% and a 24.0% decrease (17.4% in dollars) compared to 2008. The lower Gross Profit, explained mostly by the drop in oil prices accounts for this decrease in Operating Earnings. On the other hand, general expenses accounted for 4.8% of the activity, a lower percentage than that of the year 2008.

Net financial expenses amounted to S/. 41.9 MM (U.S. \$ 14.5 MM), representing an increase of 29.9% (41.2% in dollars) compared to the year 2008. This rise is mainly explained by the debt consolidation of

OIBDA per Business



Norvial S.A. and the Working Capital needs during the first months of 2009, which generated an increase in Financial Debt. At 2009 year-end closing, the coverage of financial expenses reached 8.09x.

The cumulative effect of devaluation for the year 2009 accounted for income of S/. 20.0 MM while at 2008 year-end closing it represented an expenditure of S/. 44.1 MM. The appreciation of the nuevo sol throughout the year resulted in earnings due to the fact that liabilities expressed in foreign currency were worth less.

Available Earnings totaled S/. 134.4 MM (US\$ 46.5 MM) accounting for a -8.7% decrease (-0.8% in dollars) compared to 2008. The lower Operating Earnings, mainly due to the drop in oil prices, combined with a higher effective income tax rate and minority interests explain the lower Available Earnings. However, the abovementioned contraction was attenuated by revenues earned by realizing a favorable position in a hedge contract to cover the repayment of Petroleum business related debt that represented Extraordinary Income amounting to S/. 9.4 MM (US\$ 3.1 MM) and due to the cumulative positive effect of devaluation at year-end closing.

Cumulative OIBDA1 for the end of the year 2009 amounted to S/. 339.4 MM (US\$ 117.4 MM) accounting for 15% of the Activity and a decrease of 8.9% (1.0% in dollars). The lower Operating Earnings mainly due to the drop in oil prices explain this reduction, which is lower than that of the Operating Earnings as a consequence of the increase in Depreciation of investments made by the Group during 2007 and 2008.

Long-term stable cash flows, such as those from highway concessions, petroleum services and the outsourcing business account for 56% of OIBDA1, resulting in coverage of 1.35x of the group's total Financial Expenses plus General Expenses that are not related to these types of business. Additionally, it is assumed that the latter would not be cut back in the event of a total loss of its activity.

Balance Sheet

Current liquidity at the end of the period was 1.35x. Current liquidity has improved compared to 2008 mainly due to an increase in commercial accounts receivable, primarily from the Infrastructure and Construction Business, in greater proportion than commercial liabilities associated to those accounts receivable.

The Financial Leverage was of 0.44x and Total Leverage reached 1.65x. The Financial Leverage indicator has improved compared to the year 2008 as a consequence of the reduction in the financial debt achieved in the year 2009, despite the consolidation of Norvial S.A. liabilities, reaching the 2009 year-end with zero net cash financial debt.

On the other hand, the Total Leverage ratio increased with respect to the year 2008 as a result of the larger amount of advance payments received at year-end.

Financial Debt / OIBDA1 reached 1.09x at 2009 year - end closing. The increase in this indicator compared to 2008 was mainly due to the financial debt reduction achieved during 2009 despite Norvial's debt consolidation.

The average Return on Equity ended the year 2009 at 17.2% while the Return on Assets was 6.5%. The reduction of Available Earnings previously mentioned on this report had an effect on Return on Equity at year-end 2009. A similar effect occurs with the Return on Assets vis-à-vis the returns attained during the year 2008.

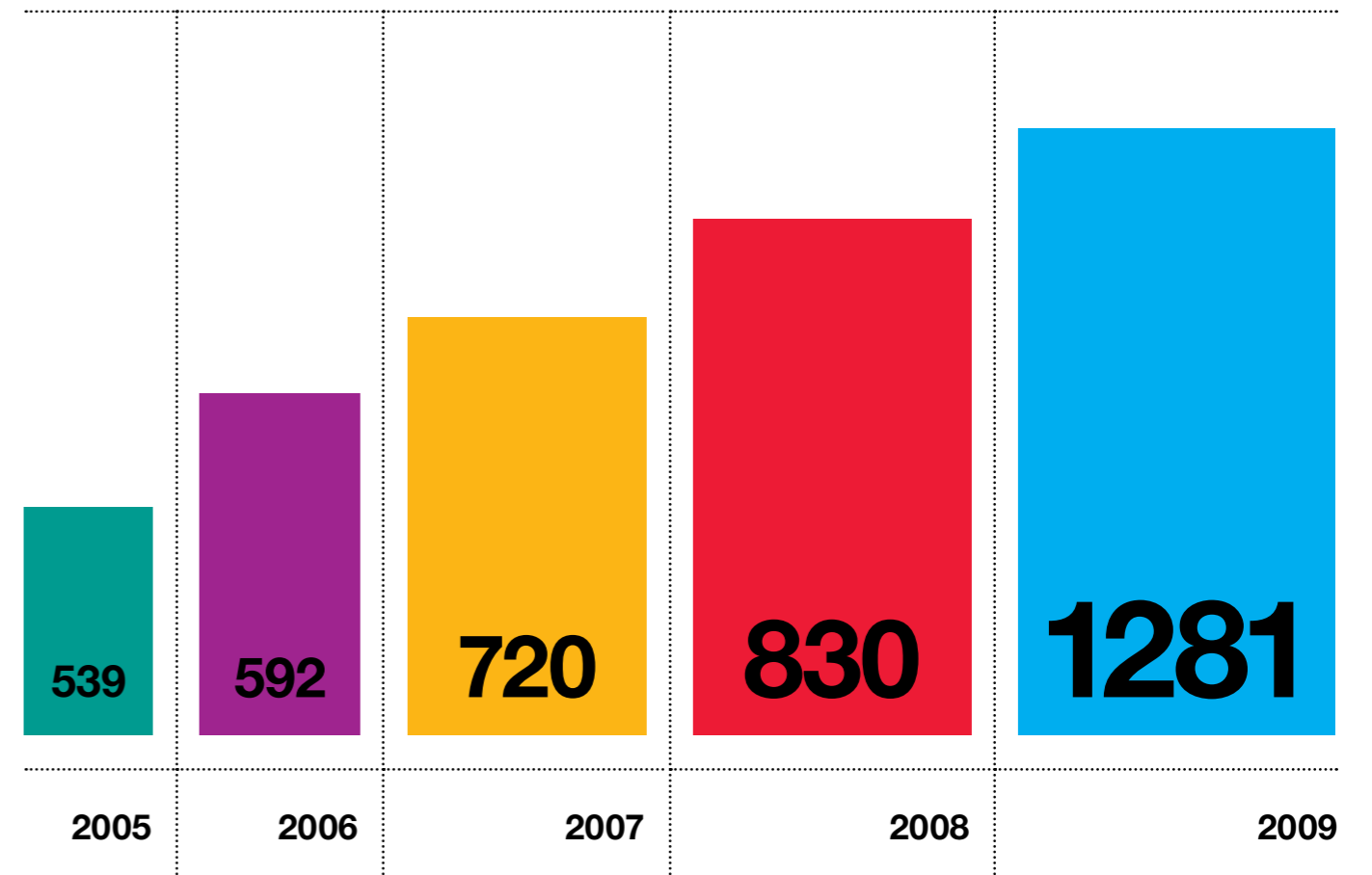
Backlog and perspectives

The Group Backlog rose 54.3% compared to 2008 year - end closing, amounting to US\$ 1,281.1 MM, the highest figure in the history of the group, which represents 1.70x the Activity for the last 12 months. Of this total US\$ 661.2 MM shall be executed during 2010, US\$ 389.6 MM in 2011 and the balance from 2012 onward.

It should be noted that the Backlog to be executed during 2010 is 33.5% higher than the Backlog that was pending execution at 2009 year-end closing for that year.

The group's Capital investments totaled S/. 136.2 MM (US\$ 56.0 MM) at 2009 year-end closing. Of the total investments, S/. 9.8 MM (US\$ 3.4 MM) correspond to investments in the Hydrocarbon sector; S/. 39.6 MM (US\$ 13.7 MM) correspond to Infrastructure Concessions; S/. 67.3 MM (US\$ 23.3 MM) to investments in machinery and equipment for the construction business; and S/. 44.8 MM (US\$ 15.5 MM) correspond to purchase of land to be developed during the coming years.

Consolidated Backlog / US\$ MM



Appendixes

Information on compliance with good governance principles for peruvian companies (for the year 2009).

Name : GRAÑA y MONTERO S.A.A. (En adelante EMPRESA)
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Securities Agent : Claudia Drago Morante
Reviewer: : No aplica